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The Wine Spectator California Winemen Oral History Series

Margaret and Dan Duckhorn

MOSTLY MERLOT: THE HISTORY OF DUCKHORN VINEYARDS

Interviews Conducted by
Carole Hicke
in 1996

Since 1954 the Regional Oral History Office has been interviewing leading participants in or well-placed witnesses to major events in the development of Northern California, the West, and the Nation. Oral history is a method of collecting historical information through tape-recorded interviews between a narrator with firsthand knowledge of historically significant events and a well-informed interviewer, with the goal of preserving substantive additions to the historical record. The tape recording is transcribed, lightly edited for continuity and clarity, and reviewed by the interviewee. The corrected manuscript is indexed, bound with photographs and illustrative materials, and placed in The Bancroft Library at the University of California, Berkeley, and in other research collections for scholarly use. Because it is primary material, oral history is not intended to present the final, verified, or complete narrative of events. It is a spoken account, offered by the interviewee in response to questioning, and as such it is reflective, partisan, deeply involved, and irreplaceable.

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Interviewed in 1995 by Carole Hicke for the Wine Spectator California Wine Oral History Series, Regional Oral History Office, The Bancroft Library, University of California, Berkeley.

TABLE OF CONTENTS--Margaret and Dan Duckhorn

PREFACE	i
INTERVIEW HISTORY--by Carole Hicke	vi
BIOGRAPHICAL INFORMATION	vii
INTERVIEW WITH DAN DUCKHORN	
I BACKGROUND	1
Family	1
Childhood	4
High School	6
University of California, Berkeley, 1955-1960	9
Graduate School	13
II EARLY WORK EXPERIENCE	15
Crocker Citizens National Bank, 1963	15
Matson Navigation Company	16
Crocker Associates: Looking at the Wine Industry	17
Vineyard Technical Services	18
Developing the Palate	25
III DUCKHORN VINEYARDS	30
Getting Started: 1976	30
Mostly Merlot	32
Vineyard-Designated Labels	35
Growth and Expansion	35
Heublein Antitrust Case: 1976-1980	38
Making the Wine	40
Grapes and Harvesting	42
The 1980s: Vineyards and Grapegrowers	44
Blending	47
Dramatic Changes	50
The 1980s, continued	53
Marketing and Distribution	54
Wine Service Co-Op	57
Financing the Growth	59
New Directions in Wines: the 1990s Innovations	62
Napa Valley Wines and Vines	64
Vineyard Ownership in Napa Valley	69
IV PROFESSIONAL ACTIVITIES AND COMMUNITY SERVICE	72
Wine Institute	72
Napa Valley Vintners Association	72
Napa Valley School Foundation	73
Tinsley Laboratories, Since 1970	74
Overview	74

INTERVIEW WITH MARGARET DUCKHORN

V	BACKGROUND	77
	Family and Childhood	77
	College and Nurses Training	80
	Marriage and Early Work Experiences	82
VI	DUCKHORN VINEYARDS	86
	Starting Up	86
	Building the Winery	90
	Focus on Merlot	93
	Responsibilities on the Distaff Side: Personnel and Marketing	95
	Auctions	101
	Family Decisions	104
	Decoy Label	105
	Miel: Late Harvest Semillon	108
	Special Attributes of the Wine	108
	Wine for the 1990s	109
VII	PROFESSIONAL AND COMMUNITY ACTIVITIES	112
	Women for Wine Sense	112
	Wine Institute	115
	Napa Valley Vintners Association: Worldwide Recognition	118
	More on Office Responsibilities	122
	UCSF Foundation	124
	TAPE GUIDE	127
	APPENDICES	128
A	Sample Wine Labels	129
B	Duckhorn Vineyards Production Portfolio	130
C	Duckhorn Vineyards Retrospective Tasting Notes	131
	INDEX	135

PREFACE

The California wine industry oral history series, a project of the Regional Oral History Office, was initiated by Ruth Teiser in 1969 through the action and with the financing of the Wine Advisory Board, a state marketing order organization which ceased operation in 1975. In 1983 it was reinstituted as The Wine Spectator California Winemen Oral History Series with donations from The Wine Spectator Scholarship Foundation. The selection of those to be interviewed has been made by a committee consisting of the director of The Bancroft Library, University of California, Berkeley; John A. De Luca, president of the Wine Institute, the statewide winery organization; Maynard A. Amerine, Emeritus Professor of Viticulture and Enology, University of California, Davis; the current chairman of the board of directors of the Wine Institute; Carole Hicke, series project director; and Marvin R. Shanken, trustee of The Wine Spectator Scholarship Foundation.

Until her death in June 1994, Ruth Teiser was project originator, initiator, director, and conductor of the greater part of the oral histories. Her book, Winemaking in California, co-authored with Catherine Harroun and published in 1982, was the product of more than forty years of research, interviewing, and photographing. (Those wine history files are now in The Bancroft Library for researcher use.) Ruth Teiser's expertise and knowledge of the wine industry contributed significantly to the documenting of its history in this series.

The purpose of the series is to record and preserve information on California grape growing and winemaking that has existed only in the memories of wine men. In some cases their recollections go back to the early years of this century, before Prohibition. These recollections are of particular value because the Prohibition period saw the disruption of not only the industry itself but also the orderly recording and preservation of records of its activities. Little has been written about the industry from late in the last century until Repeal. There is a real paucity of information on the Prohibition years (1920-1933), although some commercial winemaking did continue under supervision of the Prohibition Department. The material in this series on that period, as well as the discussion of the remarkable development of the wine industry in subsequent years will be of aid to historians. Of particular value is the fact that frequently several individuals have discussed the same subjects and events or expressed opinions on the same ideas, each from his or her own point of view.

Research underlying the interviews has been conducted principally in the University libraries at Berkeley and Davis, the California State

Library, and in the library of the Wine Institute, which has made its collection of materials readily available for the purpose.

The Regional Oral History Office was established to tape record autobiographical interviews with persons who have contributed significantly to recent California history. The office is headed by Willa K. Baum and is under the administrative supervision of The Bancroft Library.

Carole Hicke
Project Director
The Wine Spectator California Winemen
Oral History Series

August 1996
Regional Oral History Office
The Bancroft Library
University of California, Berkeley

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- Maynard A. Amerine, The University of California and the State's Wine Industry, 1971
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- Richard L. Arrowood, Sonoma County Winemaking: Chateau St. Jean and Arrowood Vineyards & Winery, 1996
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- Charles A. Carpy, Viticulture and Enology at Freemark Abbey, 1994
- John B. Cella, The Cella Family in the California Wine Industry, 1986
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- Burke H. Critchfield, Carl F. Wente, and Andrew G. Frericks, The California Wine Industry During the Depression, 1972
- William V. Cruess, A Half Century of Food and Wine Technology, 1967
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- Amandus N. Kasimatis, A Career in California Viticulture, 1988
- Morris Katz, Paul Masson Winery Operations and Management, 1944-1988, 1990
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- Eleanor McCrea, Stony Hill Vineyards: The Creation of a Napa Valley Estate Winery, 1990
- Otto E. Meyer, California Premium Wines and Brandy, 1973
- Norbert C. Mirassou and Edmund A. Mirassou, The Evolution of a Santa Clara Valley Winery, 1986
- Peter Mondavi, Advances in Technology and Production at Charles Krug Winery, 1946-1988, 1990
- Robert Mondavi, Creativity in the Wine Industry, 1985
- Michael Moone, Management and Marketing at Beringer Vineyards and Wine World, Inc., 1990
- Myron S. Nightingale, Making Wine in California, 1944-1987, 1988
- Harold P. Olmo, Plant Genetics and New Grape Varieties, 1976
- Cornelius Ough, Researches of an Enologist, University of California, Davis, 1950-1990, 1990

- John A. Parducci, Six Decades of Making Wine in Mendocino County, California, 1992
- Antonio Perelli-Minetti, A Life in Wine Making, 1975
- Louis A. Petri, The Petri Family in the Wine Industry, 1971
- Jefferson E. Peyser, The Law and the California Wine Industry, 1974
- Joseph Phelps, Joseph Phelps Vineyards: Classic Wines and Rhone Varietals, 1996
- Lucius Powers, The Fresno Area and the California Wine Industry, 1974
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- Edmund A. Rossi, Italian Swiss Colony and the Wine Industry, 1971
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- Elie Skofis, California Wine and Brandy Maker, 1988
- David S. Stare, Fumé Blanc and Meritage Wines in Sonoma County: Dry Creek Vineyard's Pioneer Winemaking, 1996
- Rodney S. Strong, Rodney Strong Vineyards: Creative Winemaking and Winery Management in Sonoma County, 1994
- Andre Tchelistcheff, Grapes, Wine, and Ecology, 1983
- Brother Timothy, The Christian Brothers as Wine Makers, 1974
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- Charles F. Wagner and Charles J. Wagner, Caymus Vineyards: A Father-Son Team Producing Distinctive Wines, 1994
- Wente, Jean, Carolyn, Philip, and Eric, The Wente Family and the California Wine Industry, 1992
- Ernest A. Wente, Wine Making in the Livermore Valley, 1971
- Warren Winiarski, Creating Classic Wines in the Napa Valley, 1994
- Albert J. Winkler, Viticultural Research at UC Davis (1921-1971), 1973
- John H. Wright, Domaine Chandon: The First French-owned California Sparkling Wine Cellar, includes an interview with Edmond Maudière, 1992

INTERVIEW HISTORY--Dan and Margaret Duckhorn

Dan and Margaret Duckhorn, owners of Duckhorn Vineyards, were interviewed as part of the Wine Spectator's California Wine Oral History Series to document their careers and the history of their award-winning wines and winery.

The Duckhorns virtually pioneered the acceptance of Merlot as a varietal wine, the use of the Merlot grape as something more than a blend for Cabernet Sauvignon. Although Merlot produced world-famous wines in Bordeaux, and a very few California wineries, such as Sterling Vineyards, had been making small amounts, the Duckhorns made it their hallmark wine. Since their first bottle, made in 1978, Duckhorn's Merlot has won the acclaim of the industry as well as consumers.

Dan and Margaret were interviewed in their offices at their lovely, Bordeaux-like stone and stucco winery near St. Helena in the Napa Valley. The down-to-earth, warmly welcoming, and forthcoming manner of both narrators belies their enormous success and acclaim in the worldwide wine industry. Dan was interviewed on July 18, 1995, and Margaret's session took place the following morning. Both reviewed their transcripts carefully but made few changes.

This series is part of the ongoing documenting of California history by the Regional Oral History Office, which is under the direction of Willa Baum, Division Head, and under the administrative direction of The Bancroft Library, University of California, Berkeley.

Carole Hicke
Project Director

December 28, 1995
Regional Oral History Office
The Bancroft Library
University of California, Berkeley

Regional Oral History Office
Room 486 The Bancroft Library

University of California
Berkeley, California 94720

BIOGRAPHICAL INFORMATION

(Please write clearly. Use black ink.)

Your full name Daniel James Duckhorn

Date of birth April 7, 1938 Birthplace San Francisco

Father's full name Victor Ferdinand Duckhorn

Occupation Automotive Svc. Mgr. Birthplace Fargo, N.D.

Mother's full name Claire Janet Vieira

Occupation Housewife Birthplace Isleton, CA.

Your spouse Margaret Lee Duckhorn

Occupation V.P. Mkty ^{Duckhorn} Vineyard Birthplace Gov. Isle, N.Y.

Your children Kellie E. McElearney, John K. Duckhorn,
David G. Duckhorn

Where did you grow up? Sacramento and Santa Rosa, CA

Present community St. Helena, CA.

Education B.S. & M.B.A. Corporate Finance, UC Berkeley

Occupation(s) CEO, President, Duckhorn Vineyard.

Areas of expertise Vineyard Finance and Operation,
Winery Adm and Finance and Mkty

Other interests or activities Fly Fishing, Waterfowl Observation
and Hunting, the "all outdoors"

Organizations in which you are active Board Member, Wine Service Co-Op;
Board Member, Wine Institute, Board Member Tinsley Labs

Regional Oral History Office
Room 486 The Bancroft Library

University of California
Berkeley, California 94720

BIOGRAPHICAL INFORMATION

(Please write clearly. Use black ink.)

Your full name Margaret Lee (Sheets) Duckhorn
 Date of birth 7-11-39 Birthplace Gouvernois Island, NYC
 Father's full name Clarence Ellwyn Sheets
 Occupation Career Army Dentist Birthplace Oakland, Calif.
 Mother's full name Elenor Elizabeth (Armbrust) Sheets
 Occupation Nurse, Housewife Birthplace Stockton, Calif.
 Your spouse Daniel James Duckhorn
 Occupation President - Duckhorn Vineyards Birthplace San Francisco, Ca.
 Your children Kellie Elizabeth (McElearney, John Duckhorn)
Kenneth Duckhorn, David Gardner Duckhorn
 Where did you grow up? New Jersey, Florida, Calif., Ariz., Japan, Germany
 Present community St. Helena, Calif.
 Education Univ. of Maryland, Munich, Germany;
Univ. of Calif., Berkeley; UCSF School of Nursing
 Occupation(s) School Nurse and Public Health Nursing: Currently V.P. Mktting/Sales B.S., PH.D., RN
 Areas of expertise Duckhorn Vyd. since 1985
Marketing and Sales premium Napa Valley Wine.
 Other interests or activities fishing and backpacking;
cooking
 Organizations in which you are active Women for Wine Sense,
UCSF Foundation Member, Wine Institute -
Health and Research

I BACKGROUND

[Interview 1: July 18, 1995]##¹

Family

Hicke: I'd like to start this afternoon by asking you to tell me when and where you were born.

D. Duckhorn: I was born April 7, 1938, in San Francisco. Although our family lived in Sacramento, my mother wanted me to be born in San Francisco, so she went to St. Mary's Hospital for that specific purpose.

Hicke: Why did she want that?

D. Duckhorn: I don't know. Probably something in her life or background. She was born on a farm, and I think she just felt that--and she loved San Francisco, and she had a strong Catholic background, so I think it was important that I be delivered in a--in those days--great Catholic hospital, St. Mary's in San Francisco.

Hicke: I guess Sacramento was not quite the city it is today.

D. Duckhorn: Well, yes, it was quite different. Absolutely, it was a different place.

Hicke: Let me go back just a little bit and ask about your ancestors as far back as you know.

¹This symbol (##) indicates that a tape or a segment of a tape has begun or ended. A guide to the tapes follows the transcript.

D. Duckhorn: Both sides of the family essentially were farmers, and that's probably where I obtained my desire and ultimate settling in the grape industry. On my mother's side, they go back to the turn of the century, and they were raised in the [Sacramento] Delta. They were asparagus and row crop farmers, and then ultimately, because of the growth of the boat industry, the whole family changed its direction and today is quite prominent as owners of a marina, because of the growth in the Delta waterways with respect to pleasure boating. So they were farmers in the beginning.

On my father's side, they came from Austria and Hungary. By the way, on my mother's side, the original family comes from the Azores. They were Portuguese but Flemish by probably real ancestry, but they were Portuguese by tongue and by custom, so they had some farming ability, and they came from St. George Island.

On my father's side, both my grandmother and grandfather on my father's side came from Vienna and from Budapest, and they were also farmers. In fact, they came to America to farm and settled in North Dakota, not knowing too much about the United States, and found out that you couldn't grow much in North Dakota except wheat, and they wanted to grow fruit crops. So they settled in the Sebastopol area not far from here, as you know, and started growing apples, probably in the 1920s. Two branches of the family came, and they still are over there, and part of the family still grows apples.

Hicke: Can I just interrupt and ask you, was Duckhorn some Anglicized version of--

D. Duckhorn: Yes, that's a good question, I'm often asked that. Duckhorn is a derivative of probably a Hungarian name, we think, although it was German dialect: Düc Horn, and like many immigrants, when they landed at Ellis Island, we always say got Ellisized or Anglicized, and "You shall be Duckhorn from now on." It was pronounced "Duc-hoern," but it was easier for everybody at the time, I guess, to be Duckhorn. I have one distant cousin who still spells it by the original name, and my brother, ironically, still separates the name, Duck Horn. He just does it in his writing. Legally, he doesn't do that, but just to separate the original name.

Hicke: There must have been an umlaut over the O, then?

D. Duckhorn: Umlaut over the U. I think my grandmother told me that there was an umlaut over the U originally.

Hicke: Okay. So they got to Sebastopol.

D. Duckhorn: They got to Sebastopol. Then my mother met my father, I guess, through--there were some mutual relatives in the area, and they got married. My father was in the automobile business, so he moved around quite a bit. But when they settled in Sacramento, where I guess I was raised for the longest period of time, at least in my early youth, there was no association of farming at all then. I would just go back to both of the respective grandparents' homes, and I always was interested in the farming part of it.

Of course, on my mother's side, the boat craze was then beginning to roll, and in fact, I was cleaning out fishing boats in my early days there when I was about ten years old with my uncle, but my grandfather on my mother's side passed away. So I was cleaning out fishing boats. Their farm had shrunk down a little bit. My mother's family had nine children; my father's family I guess six or seven. I have to think about that a little bit. So they had large families, both Catholics.

The farming was not an aspect of my life in those early days, because I lived in cities. Moved to a few cities in California, and then ultimately I went to high school for my last two years in San Mateo High School on the peninsula, still not close to farming at all.

Hicke: Let me back up a little bit. I'd like to get some names of your parents.

D. Duckhorn: Yes, they're Clare and Victor.

Hicke: And what was her maiden name?

D. Duckhorn: Vieira. [spells]

Hicke: And your grandparents?

D. Duckhorn: Joe and Rose on my mother's side--

Hicke: Vieira.

D. Duckhorn: Yes. And Aralia and John on my father's side. By the way, I have to double-check those. Because they had nicknames, I always saw them--I only knew my two grandmothers, I never knew my two grandfathers. They were both deceased when I was either real young or before I was even born, and I only knew my grandmothers--well, one for quite a while, one not

so long. They always had nicknames. There were so many common names in the Catholic families, you were either named Joe or John anyway, Joseph or St. John. So I'll have to look that up for you.

Childhood

Hicke: Okay. Let's go back to San Francisco. Your mother went back to Sacramento after you were born?

D. Duckhorn: Oh, yes. It was just an overnight thing, well, a couple of days.

Hicke: And so you lived in Sacramento. Did you go to school there?

D. Duckhorn: Yes, I went to grammar school in Sacramento, and then moved; that would have been between about the third and fourth grade. Then went to live with my grandmother for a while when my father was changing jobs. That was in Sebastopol. And then moved to Santa Rosa for a number of years. I went to grammar school and junior high in Santa Rosa, and then my last two years of high school, they moved down to the peninsula. I went my last two years of high school in San Mateo High School.

Hicke: What kinds of things were you interested in at school?

D. Duckhorn: In my early years, I was probably most interested in nature. That would have been my biggest interest, all the way through. I was interested in sports. I played a lot of sports all the way through school. I couldn't play in college because I was a little too small for that, and not good enough when you got to college. The pace picked up quickly, as you know. But I played basketball and track in high school, and I loved both of those sports, still do.

But I was mainly interested in the out-of-doors. I always did a lot of hunting and fishing. Then I began to lose interest in the hunting part of it except for just waterfowl. Then I began to lose interest in catching fish, and I began to get more interested in releasing the fish. So I am an avid catch-and-release fly fisherman today, and a duck hunter. Thank heavens the ducks are on the increase, otherwise I'd give that sport up too. I gave up all the other sports.

I remember in junior high I had Mr. Ahlmann, a teacher in the eighth grade in Santa Rosa. That was my first--he was a very, very good biology, natural history teacher. I think from him I became extremely appreciative of the out-of-doors, and ever since then, probably, I've studied animals, and I'm probably the biggest fan of the Discovery Channel on the cable network. I look back and see all the advances we've made in the study of natural habitats of animals.

And I also believe, because of all that, I believe in [Charles] Darwin, I believe in the natural order of all things. I believe everything is dictated by nature and by natural orders. I would not consider myself--I was raised as a Catholic, but I have left that faith. I am not anti-religious by any means, but I certainly am more pro the natural order of things. I am certainly pro-evolution, and I am certainly pro leading your own life as to what you feel, from the natural aspect of things.

Hicke: Philosophically--

D. Duckhorn: Philosophically, yes.

Hicke: I think it's often true that some particular teacher has an interesting input on people--some particularly good teacher.

D. Duckhorn: That particular teacher I'll never forget, and that teacher turned my whole direction around, because that teacher also was a Darwinian. We had a little bit--it was the Scopes Monkey Trial--we had a little bit of that in our books, and we weren't too sure about all of that. It was right at that time when I was at that age that people were still coming out of that, they weren't sure. Of course, this country was definitely of a religious background, the Bible Belt definitely, and even my parents and grandparents came here with religious aspects at some level.

So it was the first time I was really opened up to nature, and how animals evolved, and how people evolved, I still think as an evolutionist, obviously. But nobody ever heard of the Galapagos Islands, and not too many people talked about Australia. They didn't know where Australia was, and why were the animals so different there? And this teacher was able to bring all those to the forefront, and I thought that was great. That's what got me started on it, and I've never gotten off that subject.

High School

Hicke: How about high school? Anything in particular that you remember?

D. Duckhorn: No, nothing in high school, except I went to a very large high school, San Mateo High School. There weren't very many high schools on the peninsula at that time. I think our league that we were in basketball stretched all the way from South San Francisco to San Jose, and if you told somebody that even today, they'd go, "My goodness." There are probably three or four leagues now encompassing that geographic area.

I was very active in high school. I probably learned in high school, because that school was so large, to be more active in extracurricular things, so I was active in the government of the school and the administering of the school. I ran for student body president, I guess, and didn't get it, but that didn't matter. I was the rally commissioner of the school. I was also active in even reorganizing our whole school constitution and changing the whole school bylaws and so forth. I was active on a lot of committees, active in sports.

So that era of my life probably prepared me, because of just being in committee meetings--in high school you don't really think of that too much, but just being in committee meetings in high school, which we had a lot of because the school was so big, probably taught me a little bit to prepare me for the committee meetings that I would have to be part of in my professional career today.

Hicke: Politics is a useful thing to learn about.

D. Duckhorn: Especially in high school. Once you get involved in running a committee, chairing a committee, functioning, it probably would be the most significant thing to get out of high school. I had to get good grades, of course; was dead set on going to the University of California at Berkeley. There would be no other school in my mind. I applied to others, but I had no thought of going anywhere else. I had some family members who had gone there, and so--only a few, though, on one side. Most of the family did not go to college.

I have a brother and a sister who are younger than I, and they were doing well and getting reasonably good grades.

They were younger, but their grades were fine, so we were all dead set. I had to sort of be the leader, I knew that. I had to set the pace for them. So I knew I had to go to college and make sure that that was important, so the grades in high school were pretty--although they weren't spectacular, but they were good enough to get me in eventually.

Hicke: Because you knew Cal was the best school in the state, or you thought it was?

D. Duckhorn: I thought it was, I thought it was. It's changed so much today, I wouldn't comment on it today. But when we went to Cal, it was spectacular. It was a wonderful place. And I just had gone over there. I had a couple of friends of mine--in fact, when I was in what would be the last year of junior high or freshman in high school, so I had been a sophomore in high school in Santa Rosa, one of my best friends' father was a doctor and a graduate of Cal, and he took us to the football games in those early years.

And going to Memorial Stadium in those days was quite spectacular, with Jim Monachino and Pete Shabarum and all these names that have just come out. There were great football players in the early fifties, in '51, and they won a couple of Rose Bowls and went to a couple of Rose Bowls, and that was Pappy Walters' era, and it was a very big era for me. I was entrenched. I had to go to Cal.

Hicke: Before we get there, what did you do in the summers?

D. Duckhorn: In the first two summers of high school, I played basketball. We played basketball all year long, every day. I played all summer long. I did work, had odd jobs. I had a lot of odd jobs. I never had a real steady kind of a career-type path job or anything like that, I wasn't focused on anything. Played basketball.

Then, between my junior and senior year of high school, I wanted--again, the outdoors called, so I bought a commercial fishing license. My friend and I stayed at his father's cabin, which was near Bodega Bay, and we commercial fished for the summer and sold the fish to a fishing company in San Francisco. We caught the fish on the beach with nets; they were called surf fish. So you could do it individually. It was great; it was great for your physique, and it was wonderful to be in the sun. I fished that whole summer and did a little bit of hunting for deer, and that's the end of that summer.

Then after I graduated and went to college, my summers were spent working at Lake Tahoe, a couple of them for a private family, and there is where I learned another whole aspect of my life. The family was very wealthy, and they were very relaxed in their wealth, but I learned the graces of what was to help me later on in life, that is, to meet people from a wholly different structure. I came from a middle-class family, so I didn't really get exposed to a lot of that, although in the high school I went to I did. We had a very formal high school, that was one aspect of it, in San Mateo in those early years.

Cal was, of course, formal; you had to learn a lot of things there, but I think those summers I spent living with this family taught me a lot about the social aspect of my life that would develop. I had no idea how that background prepared me for the premium wine industry, which is extremely socially oriented.

Hicke: Do you want to say who the family was?

D. Duckhorn: It was the Wallis family. They lived in Piedmont; Ed and Ann Wallis. They became almost like parents to me. Very close. Both of them are deceased now, but I would say that living with them for the two summers that I was in Cal, and the people that would come by that house, we would have twenty or thirty people for lunch or dinner every day, and not only was it my job to waterski the guests--of course, we were on those boats waterskiing every hour of the day, practically--our primary job was to build a home for the family on the property which gave us the real reason for being there. But we spent an awful lot of time entertaining and serving the guests at the dinners and talking with them. They were a diverse group of people that wandered through that--it's a five-acre estate right on the lake. It was a beautiful spot.

Hicke: South shore?

D. Duckhorn: North shore, south of Tahoe City, between Tahoe City and Homewood.

So there I learned an awful lot about things that I didn't really get much exposed to at home. Contrary to my wife, who came from a military family; her father was a dentist, an oral surgeon; so even though they were military, there were graces that were respected and protocol that I didn't quite have. We were quite a middle-class family, and some of those things--and my father and mother's friends

were excellent people, but they were just not--this was a whole different thing for me. To see it on a first-hand basis, not just casually at a cocktail party, but to live with them.

University of California, Berkeley, 1955-1960

Hicke: Let me ask you what you wanted to do when you went to Cal. What did you want to study?

D. Duckhorn: Studied business. I studied business all the way through. That was my primary goal. I knew I'd go into the business world. I had no inkling for any profession. I toyed with being a lawyer at one point, but I didn't like the adversarial role, because my basic temperament is not adversarial. I still today hate confrontations, I shy from them immensely. I prefer to be more or less the happy-go-lucky person with sincere roots, but not try to be adversarial or confrontational. So I always stuck with business, and I thought I would probably end up working for a large company in the early days and learn how business operated.

And as a matter of fact, one summer job I had was involved with Schlage Lock Company on the peninsula, and that job, even though it was a mail job, it enabled me to travel around the company's offices and talk to people, and it was the first time I'd ever been inside of a--even though it was a relatively small corporation by many standards, it was a fairly major company. It enabled me to see what business was like, and I learned a lot from that also. I enjoyed that job.

Hicke: What were you doing for them?

D. Duckhorn: Just working as a mail delivery clerk, just through the offices, just walking through the plant every day, through the whole company every day, everybody's mailbox. I saw, met everyone from the president down to somebody's mailbox in the factory. So it was great. It was great to see the function and the people, not so much get involved in the day-to-day activities, but just to see it all. You learned a lot in the mailroom in those days. You could see a lot and learn a lot.

Hicke: Yes, especially not being stuck at a desk in one place.

D. Duckhorn: That's right.

Hicke: What about teachers at Cal? Anybody stand out?

D. Duckhorn: No, because you know at Cal there is a lecturer, professorial, with a large group, 100, 200, 300 people, or sections. The section teachers were always graduate students or Ph.D. candidates. Nobody there really in particular. I think what I learned from Berkeley was the other aspect of a social side, learning how to live with your contemporaries. The other part in the Tahoe idea; it was learning to understand your peers and the adult world and how it operated.

At Berkeley, you learned to live and understand all the people that were in your age bracket. And not only you--I lived in a fraternity, so that also had its demands and its confinements. And its restrictions that you begin to abhor after a couple of years, and probably that's why the system is on the demise.

Hicke: And its politics.

D. Duckhorn: Yes, and its politics, and living with a group of men where you may not agree with all of them, and you may want to go to bed at ten o'clock at night and have it be quiet.

Hicke: Which fraternity was it?

D. Duckhorn: Delta Tau Delta. It is still on the campus there. It is a national fraternity. But I think at Berkeley, you learned the context, the social graces and the contacts and the growing up with your contemporaries. As a matter of fact, in our pledge class, I think--I don't have this exactly documented--but there were seventeen or so in our pledge class, and some number over ten or twelve were either their student body president or their senior class presidents in their schools.

Hicke: That's impressive.

D. Duckhorn: It was an incredible group of people, all diverse, all different places. In those days, mainly everybody came from California, not too many from out of the state. And then throughout the campus, it was relatively large, 28,000 people or so when I was there--still about the same, I guess, maybe a little more--gave you a tremendous insight into what you were going to prepare yourself for, because

you suddenly had to act and react with people all year, of all types.

And then we didn't have much political activity on the campus at that time, so we were more focused on ourselves. We weren't focused on outside events as much. It was a quiet, the Eisenhower years--

Hicke: What years are we in?

D. Duckhorn: We're '55 through '60, so we're very quiet in our time. Only in my end did the beginning start, so to speak. Mario Savio later on. But I was there during a period of time when we would run up and down Piedmont Avenue in our pajamas on Sunday morning, if you can imagine that. It was perfectly safe as a woman to walk across the campus with a low-cut dress at two o'clock in the morning. I mean, there was just not anything that we see today.

Hicke: And didn't you find it large? Of course, you came from a large high school.

D. Duckhorn: I came from a large high school, not as large as--amazingly so, some of my friends came from larger high schools, but our high school was 1,200 people, 300 and something in my class, and I thought that was pretty large. But there were larger ones. But that wasn't what it was. It was more. I wasn't overwhelmed at all by the Berkeley size, and I also started very young, which was unfortunate. I was very young in my class.

I had started Berkeley in--in fact, I went to junior college for--to get my grades up to actual snuff--for one semester. Then I started Berkeley in the spring right after I graduated from high school. So I went to San Mateo Junior College for that one semester, which was just kind of a blank in my life. My job was to get my grades up absolutely to get accepted at Cal, which I did.

Then when I went to Berkeley, I was still just seventeen. I had turned seventeen in my senior year of high school, in April of my senior year of high school, so I had just graduated. I was really sixteen most of my senior year. I was still just seventeen when I started Berkeley. I was the youngest one probably in my class. It made it difficult for dates. I was young in appearance, young in a lot of my mannerisms. So I had a year or two of adjusting to do.

I did that by hunting and fishing a lot, and still playing basketball, but not organized in the school.

Hicke: Intramural?

D. Duckhorn: Yes, played a lot of intramural basketball, and still went home and played at the time, on the weekends and at Christmastime and so forth with my friends in San Mateo. Then it wasn't until probably my sophomore or junior year, after a couple of years at Tahoe, that I began to probably develop a little more than--I was sort of catching up.

Hicke: Were you younger all through high school?

D. Duckhorn: Yes. I never could date a woman in my same class. My goodness, they were always a year and half older than I. It was always difficult for me. I skipped one grade; I didn't go to the fourth grade. With my father's moving around, I went from the third to really just a couple weeks of the fourth and then into the fifth grade, so I never really--and I was just too young. And I started real young, too, so I never really caught up until well into college.

But back to your original question: there was no one particular person, a professor at Cal--just the Business Department intrigued me more than the people in the social sciences department. When I got to the upper division in my junior and senior year, the business department was impressive, and the curriculum was extraordinary, I thought. It was a combination of the case method and a little--it wasn't like Harvard's case method totally. It had a little bit of that, but it was more theoretical, and that I liked. So I became enamored with the business and focused on it quite a bit.

Hicke: Did you have any work experience as part of your college curriculum?

D. Duckhorn: No, just summer jobs as I explained, the social part of the job at Tahoe, and then I also worked at Hunt's Foods in the cannery in Hayward in the warehouse. That gave me a little bit of attention to agriculture, because the big trucks would come in with the tomatoes, and my job was to check them in, and I'd also check--I even was cooking; I at one time cooked the tomato sauce and the catsup. I also ran the warehouse, checked the outgoing canned goods, because they needed somebody who could read and write in those warehouses. So I could determine what was stacked in what place when the trucks came in to ship the canned goods all

around the country. So I got a little bit more experience in business, a little bit closer to agriculture, though. It was interesting how I could relate to it a little quicker as the trucks of tomatoes came in.

Graduate School

Hicke: So you graduated in 1960?

D. Duckhorn: Yes, I graduated in '60. Then I went--you had the military problem in the way, so I had to be careful. I didn't know which way to head, as I didn't want to get drafted. I applied for OCS, Officer Candidate School, and I was accepted in the navy. I went to get my teeth fixed as part of the college beer syndrome, where some of your teeth don't quite make it through four years. [laughter] And I'd never had a problem with my teeth in my life; I'd never had a cavity in my life. My mother was appalled that I had cavities. I said, "Mom, it's welcome to Millers and Coors." So I had to get about three or four cavities filled. They never bothered me, so that was kind of strange, but they were x-rayed as part of the admission procedure at OCS.

One of my classmates was in dental school at Cal, he was a year ahead of me, so he was not a classmate but a friend from high school. He was a year ahead of me, and he was at Cal's dental school. He said, "I need a guinea pig to come over here, so come over here, and I need to work on your teeth. I need anybody; you'll be great."

I said, "Well, I've got these four cavities." He said, "Good, I'll fix them for you." So he and his professor advisor and I would talk in the chair, what I was doing. I said I was going to OCS, and he said, "What? You don't want to do that."

I said, "Why not? I have to do something." He said, "Go to graduate school." I said, "I want to do that when I get back." He said, "Well, apply now and go." So I applied to Cal's Graduate School of Business and got accepted.

Hicke: Oh, that was a fast turnaround!

D. Duckhorn: And in those days--you won't believe the story, and somebody maybe reviewing this won't believe the cost--in those days, you didn't need business experience. Number two is you

could do it in one year if you had an undergraduate degree in business. And number three is the cost was \$45 a semester. So my MBA was one year and cost \$90. Got to be the best bargain in the world. [laughter] Even today my son, who is at Cal now in the business school, required two years, \$6,500 a semester, over \$25,000 for the year, and there are some 70,000 MBA graduates now. When I graduated, there were 6,000. So it's quite a different thing.

Hicke: Things have changed.

D. Duckhorn: Things have changed.

Hicke: Those are just fees, too.

D. Duckhorn: Yes, those were just fees. That was \$90 just for the fee. His is \$25,000 just to go to school.

I went through the program in one year; I loved it. I split it so I went in the spring and then had the summer off and I went in the fall, because my family had said, "This is enough, you must start paying much more of this." So I had to work that summer. I even had to work while I was in graduate school. I hashed in a fraternity; I served meals in the same fraternity that I was in. I just went back and did that. It was kind of great, because I could kind of still get the feel of the undergraduate and make contacts, but I was actually a student. I was a full-barrel student.

Hicke: How about the summer, what did you do?

D. Duckhorn: Summer: the first summer was at Hunt's Foods; that summer I also went back to the cannery and worked at Hunt's. I worked there twice.

Hicke: Fairly good pay there?

D. Duckhorn: Oh, yes, excellent pay. It would get me through.

Then toward the end of nearing graduation, you had to make a choice. You had to decide what you wanted to do. Again, the military was hanging over. By that time, the pressure was off a little. So I went in and joined the National Guard. I went into the "weekend warrior" program, as it's called, and for six years. You had to go to basic camp for eight weeks--I went to Ford Ord, like everybody did--and then you got out and went back to your home unit, and you went one weekend a month. I could go, of course, and then go to work, which I did.

II EARLY WORK EXPERIENCE

Crocker Citizens National Bank, 1963

Hicke: When did you get married?

D. Duckhorn: We got married right about that time, 1963. Took a job in 1963 with the Crocker Bank. It was then called Crocker-Anglo Bank, and I was the first MBA trainee the bank had ever hired. This was the thirteenth largest bank in the country, so you can imagine how entrenched they were into old ways-- a "good ole boy's bank." It was a marvelous bank.

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Hicke: What made them suddenly decide they needed an MBA?

D. Duckhorn: I asked them as part of my work--and this was through some other mutual friends--if they would be the advisor company to write my thesis. So when I went to them, I wrote my thesis through them, which was this dull, boring subject, "The Profitability of Bank Time Deposits," and when I worked on that thesis with them--I guess we called it a thesis, but it was really not that strenuous, it was just kind of an extended term paper, but we had to do it with case work--I became enamored with the bank and with the people I was working with there, and I think that one thing led to another and the program sort of was developed.

Hicke: They chose you, rather than looking for an MBA? You just happened--

D. Duckhorn: I just happened, yes. And then what happened, when I got there after I graduated--and the program was four years--I said, "Gee, that's an awfully long time for a training

program," but I would be willing to start it and work with it on a kind of an every four months or three months review, quarterly review basis, see how the program was developing and what I should do next, and what I thought of the past section of training that I was in.

As a result, it was modified tremendously after--in fact, I cut it. I only went there a little over two years, and the program was cut back even subsequent to then.

Hicke: Was this in San Francisco, downtown?

D. Duckhorn: Yes. Oh, it was wonderful. I had a great opportunity. It was a wonderful place to work, I loved it. My wife, Margaret, graduated from the University of California Medical School, the School of Nursing. She has an R.N. and a bachelor's, and she'll tell you about all that. Then she went on to work at the Berkeley Health Department, so she was working in the East Bay, and I was commuting to San Francisco. We lived in the East Bay, rented a home in Piedmont, small little home. That's where we first got started. Then I went to work for the bank and was there for about five years.

Hicke: What happened--you said after two years, the program--

D. Duckhorn: Well, I got off the program, got my assignment. I got a wonderful assignment, never heard of for a person my age. I got assigned to be a loan officer in the One Sansome Street branch, which would be a plum job, and it was a plum job, and I was very thankful to get it. It gave me great experience.

Matson Navigation Company

D. Duckhorn: Then from there, I was recruited to go to Matson Navigation Company. The treasurer had passed away suddenly, and Matson had a lot of banks that it operated with, so they sent a call out to their banks. They thought an MBA type with banking experience would be what they wanted to be treasurer, or to take the job. There were about twenty or so people interviewed, and I got the job. For me, it was a huge step forward.

Hicke: In Hawaii?

D. Duckhorn: No, it was in San Francisco, the head office. Matson is owned by Alexander & Baldwin, which was the Hawaii corporation, but it was a separate entity in San Francisco. I had a tremendous job there, for two years; it was wonderful. That's where I got my background; by the way, all the way through undergraduate and graduate school, I majored in finance as the section of business. So I was financially oriented all the way, went into banking, which is more finance, and then I went into the corporate side of business, which is another great experience. So I had all the financial experience all the way through, since undergraduate school.

Hicke: What were your responsibilities there at Matson?

D. Duckhorn: The treasurer was really in name a person in Alexander & Baldwin in Hawaii. He never showed up, so I was really the treasurer, given a very responsible job at a relatively young age. That was an excellent, excellent experience.

That lasted a couple of years. I became bored at the large corporate job. I had several people that I really loved in the company who were officers that I was working with, but there was one particular person that I had to work with on a relatively daily basis with whom the chemistry was not correct. So I couldn't handle that any more, and I don't think he could handle me any more.

Crocker Associates: Looking at the Wine Industry

D. Duckhorn: So the bank called and asked if I could come back to work for the Crocker family, and I jumped at that opportunity. I came back to work for Crocker Associates, which is the family venture capital arm. That was in 1970.

So I had been out in the world about seven years with the bank and with Matson. Actually, there was a little intermezzo in there between the time I went from the--well, when I actually went to the family, my first assignment was one of the companies that they invested in in the software business, and I didn't know anything about a computer, and know less I think now today, it's advanced so much. But I got exposed, at least, to software and to the computer generation that was really going on.

Hicke: With a small startup company?

D. Duckhorn: Small startup company the family and other venture capitalists had invested. It was called Adpac [Computing Languages Company]. It's still alive today, I understand, barely.

But coincidentally, Charlie Crocker, who was my boss, said one day--we were looking at all these companies--you understand what venture capital is about: you look at a new business every day, all walks of life. One day he said, "Would you go up to the Napa Valley? I bought a home up there, summer home. I'm going to be spending a lot more time up there, I love it. On this property are a bunch of greenhouses that the prior owner had that he didn't do too well with--hydroponic tomatoes. So would you take a look at what we can do with these greenhouses? I've been approached by a couple of people that want to grow grapevines in them, because there's a boom going on."

We both knew that because we had been receiving--in those days, without getting too detailed in all this, but in those days there was a lot of activity in what were called syndicates, syndications. The syndications were in the grape, citrus, and somewhat related industries, tree fruit industries or farming industries. There were a lot of grape deals being thrown around in those days, in 1969 and '70, in Monterey County. That's where all that money sort of got the county going down there. It was hardly growing any grapes in the time prior to that.

So we had been looking at these things, and we became fascinated by the wine industry and the grape industry. We had no real reason to look at it except that we were just getting more interest, more requests for money.

Hicke: This is "we," your venture capital group?

D. Duckhorn: Yes, Charlie Crocker and the family.

Vineyard Technical Services

D. Duckhorn: So by getting this information, and then you sort of look at a business, how it's going, what people think--where they think it's going to go. So we became fascinated by it. I came up here at the request of Charlie to take a look at these greenhouses.

Hicke: Where were they?

D. Duckhorn: They were located on Dowdell Lane in St. Helena. I said, "What a great, interesting opportunity this could be. Why don't we grow bench-grafted grapevines?" He said, "Fine." So some people approached us, including the then Napa County farm advisor, Jim Lider, a couple of young graduates out of Davis, said, "We'd like to start the company. Would you help us?" And Charlie said, "Here's the check." So he put them in business.

We started growing bench-grafted grapevines. I didn't have the slightest idea--not only had I never been in a nursery before, although currently one of my cousins is a very active nurseryman in Santa Cruz, so it must be a little bit in our blood--and we started growing these grapevines. And the demand was tremendous.

Hicke: Can I interrupt and ask what the name of this operation was?

D. Duckhorn: It was called Vineyard Technical Services, and it was a subsidiary of a little company that we formed called Vineyard Consulting Corporation, started in 1970. One was to consult to prospective grapegrowers and/or manage their farmland, their vineyards, and the other one was pure plant propagation in these greenhouses.

Well, it was out of control from day one. For five years, we ended up producing probably over a million and a half grapevines. We were managing almost 1,500 acres for various people under diverse consulting and direct farming relationships. We had a farming staff, we had tractors and screwdrivers and pliers, we had the whole thing.

Hicke: And that was the exact right time.

D. Duckhorn: It was the best time to learn this business. So I started commuting up here, having had--I had an office and a job in downtown San Francisco in which we were doing all these other things. We had also invested in several other companies which were taking a lot of my time. One was a railroad, one was a fabric--

Hicke: Is that the Sierra Railroad?

D. Duckhorn: Yes.

Hicke: In Yosemite?

D. Duckhorn: Well, it's near there. It's in Sonora, Jamestown. That has been in the Crocker family for years. Another one was a fabric company, and then there were some technical companies, Silicon Valley-type companies. So we were quite active, and we were looking at all these new deals every day.

I started commuting up here. This thing started growing. So Charlie Crocker and I decided, why don't I move up here? So there was a little family confab. Margaret wasn't quite sure she wanted to take three small children to some little town in the Napa Valley, and I said, "Well, it isn't quite what you think." We had visited it several times. I said, "Why don't we give it a go?"

So in September of 1973, we bought the house that we still live in on Meadowood Lane, and we paid \$70,000 for the house, if you can imagine that. Five bedrooms, it's quite extraordinary, a nice piece of property. And with three small children--she might have a better memory of the ages than I, but they were in grammar school.

And she was the county nurse, she was the school nurse. She had eight schools, and I was then still in the middle of this greenhouse business. So then I would reverse my commute, I would go to San Francisco one day a week and stay up here four days.

Hicke: Tell me a little bit about the bench-grafting you were doing, what kinds of vines and how you were managing it.

D. Duckhorn: That can be a little too detailed, but to keep it simple for this perspective: every single grapevine that was probably planted in the Napa Valley, and Sonoma County also, they were grafted onto resistant rootstock, but as you will know subsequently in our discussions, we only used two rootstocks, St. George and AXR. These two rootstocks comprised--especially AXR--the majority, almost 100 percent of the grafts. You graft a plant at a bench, hence its name. You physically take the dormant pieces of wood, the scion, the varietal, graft it to the rootstock at a bench sitting in the wintertime. You propagate it in the spring in a little pot, and then it's delivered to the grower as a green, growing, grafted, or pre-grafted plant, which the grower plants into the ground in the late spring.

Hicke: How did you determine what amounts to graft and what varieties?

D. Duckhorn: All by contract. There was no speculation. Every plant was produced under a contract. And of course, the contracts came in faster than we could propagate. There was just a horrendous boom going on.

Hicke: What were the varieties you were grafting?

D. Duckhorn: Chardonnay, Cabernet [Sauvignon], Merlot, and a whole bunch of varieties that were being planted--Gamay, Zinfandel, Pinot Noir--lots of varieties. It was not as concentrated as it is today. Although for sure, we were not grafting Berger, Palomino; those varieties were definitely being phased out. We were grafting Gamay Beaujolais, Napa Gamay, and Zinfandel, but it was primarily the big ones: Chardonnay, some Sauvignon Blanc, Cabernet, and some Pinot Noir. And the Merlot was then beginning to be planted. There wasn't much Merlot in the ground at the time, and it was just starting to get planted.

Actually, we were probably getting orders for Merlot because somebody thought: you blend Merlot with Cabernet, so if I'm going to put some Cabernet in the ground, about 80 percent, I should put 20 percent Merlot, because that's about the blend. There was no other reason for planting the Merlot. It wasn't being grafted to be grown as a varietal, it was just as a blend grape in the early seventies.

Hicke: And these were mostly grapegrowers, or were you getting orders also from wineries?

D. Duckhorn: Yes, it could be anybody. We had mostly independent growers, although there were a lot of wineries that were customers.

Hicke: And were they experimenting, or did they--

D. Duckhorn: No, green-growing, bench-grafts in those pots were not grown prior to our company. There might have been one or two other companies growing them, but we were by far one of the most significant and dominant, and the only one of any major amount. There might have been some backyard guys doing it, a few, in the Napa Valley, but we were certainly the most dominant one in the Napa Valley in those first early years.

We had to learn by experience. There had been a lot of experience in Europe, but that wasn't transferred over here easily through Davis. We had to do a lot by reading and by getting some phone calls and letters with Europe. But there was some skill at Davis, there was some--but that wasn't

major either. So we had some disasters, and we learned a lot in the first year or two, but then when we got going, we were propagating, in those last years, 300,000, 400,000 plants a year. There were lots of plants; 500,000 a year in one year was the biggest year.

Hicke: What were the disasters, might I ask?

D. Duckhorn: The grafts wouldn't take. You would make the grafts and put them in a pot, and they wouldn't take. Or disease would enter into the union, because we didn't have the right humidity or temperature or we didn't sterilize correctly. Or the wax would get too binding; you had to dip them in wax after you made the graft. Or we'd store them in--after you dipped them, they were still dormant, two pieces of wood grafted together with some wax around the union, and you had to put them in moist sawdust, and sometimes the temperature would be too high or too low, and either the graft wouldn't take or it would get diseased.

And then you have to put them outside and harden them up, and you could be hit by a freeze, a late frost, in some year. There were all kinds of risks, the greatest risk you could ever make. The greenhouse would break down. You could have an amazing number of problems. Labor problems; we had lots of labor problems. Hard to get people to do that. There's a thing called greenhouse fever. It's hard to get somebody to get inside of a--

Hicke: Greenhouse fever?

D. Duckhorn: Yes. It's not a disease, so to speak; it's just a claustrophobia, where you get cloistered inside of these things and you go nuts. Hard to be inside a humid place for a long time. Hard to get help.

Hicke: Each time you had a disaster, did you find some way to prevent it the next time?

D. Duckhorn: Yes, we learned by experience. One mistake we probably made: we didn't have somebody come over from Europe right away as one of the team. Typical American: "Oh, we can do it. If it's been done before, we can do it." That hasn't changed at all. So we took the bull by the horns and said, "We can make these things." We just got a lot of books, and Davis helped us out a lot.

Hicke: Anybody in particular in Davis?

D. Duckhorn: No, just the staff. There was no one in particular, but we did have--[Dr. Harold P.] Olmo, I guess, was probably helping us, because he was doing such work as developing the different varieties, so there was some discussion with him and others, because they were propagating and hybridizing plants. So they knew plant physiology. There was a lot of knowledge about plant physiology, which is the basics to it, but not a whole lot about grafting.

But there was a procedure that we picked up from Europe, and it was straightforward. We just had to learn by trial and error.

Hicke: Did you keep a lot of records?

D. Duckhorn: Yes, we kept a lot of records in those early days. Unfortunately, I don't have them today, much to my chagrin, because I wish we--today it's the whole cycle repeating. We'll get to that in a little while, but it's the cycle repeating itself again.

Hicke: And you think those records might help, or your experiences might be of some help?

D. Duckhorn: Probably not, because today I think they've already advanced beyond where we were. It would be like having a mainframe computer knowledge, and today that doesn't help you too much. Gives you a little basics, but no, the knowledge today I think is probably much better than we had in those early days.

The one thing out of that whole period of time that probably is most interesting is that we never focused on why we were in so much demand for AXR. We never questioned this demand; it came from the growers for contracts, and we also promoted it as the grafting company. We never really asked around as to what a monoculture would mean in a grafting situation. Regardless of whether AXR was good or bad, why were we focusing on only one rootstock? That could get us some day. We never focused on that. In those days, we never thought about that.

It was selected as the rootstock because it was relatively prolific, it had good production, and frankly, the wines that we made out of AXR over the last twenty-five years weren't that bad. They were wonderful, wonderful wines. So we got good production, and we got great quality. So why not select the rootstock? There was really no other reason to not select it.

Hicke: But the Europeans knew it wasn't phylloxera resistant.

D. Duckhorn: They had a strong inkling that it wasn't--they knew it wasn't. They were a little concerned, but they didn't voice it to us, because maybe they were letting us go our merry way. But we had planted it in test plots and not seen any phylloxera in it for a number of years. It wasn't like something we just said, "Oh, let's throw it in the ground." We had a lot of tests. And they didn't like it also because of its productivity. They were not interested in production; they were interested in quality. We were more interested in production.

Second thing, the most important thing coming out of that era, was that we never spent any time on clones. We sold a million and a half grapevines in those first five years, and a handful of people would bring us their own wood, but because we were a certified nursery, we had to be sure that that wood didn't get commingled, because we were certified. We had to make sure we used certified propagation material from the university system, the Foundation Plant Material Service. So we couldn't contaminate our nursery license.

But very few people ever came to us and said, "I would like clone 3 of Merlot." Just get Merlot and graft it on AXR. Nobody differentiated. It was the most remarkable thing. Today I look back and I can't even believe it. I can't believe that we even thought that way.

Hicke: So did you use the same clone--

D. Duckhorn: If a nursery were short of Merlot, we had to go to another one. These were out of nursery blocks, certified nursery blocks, and then out of even some of the mother blocks. They were called the mother block, that was the production, which was this certified vine, and then increase blocks, which were certified also, nursery. They would have tags. That means it could be traced back to the mother block. But there was no real clonal tracing. I take Merlot as a good example, which I'm most familiar with, it was amazing. I still to this day am flabbergasted.

So off we went.

Hicke: At some point when this clonal interest starts to develop, will you bring that in?

D. Duckhorn: Yes.

Hicke: I don't think we want to follow it right now, but--

D. Duckhorn: Yes, okay, I will. I will talk about that a little later on.

So then the nursery business: those who read a little bit about this business in the mid-seventies know that Bordeaux crashed a little bit in '75, there was a price break. There was an increase in supply, the demand suddenly waned, our prices rose dramatically for the bottle. People used to remember buying a bottle of Lafite for X and now it's X times two, and they couldn't figure that out. So the bloom kind of went off the rose, so to speak, around 1975.

Our orders in the greenhouse declined, the planting sort of declined, so the consulting business dropped off. A few of the growers, since the vines were already in the ground, decided they didn't need us any more, naturally, because they could farm it themselves. So our company started dwindling around 1975, and that put me in a personal quandary. What would I do?

Developing the Palate

D. Duckhorn: Here I had all this knowledge. And during that period of time, having not been a student or gone to Davis, I read vociferously everything I could get my hands on, and tasted every possible bottle of wine that was available. Margaret and I would bring a bottle home, drink half of it, and then save it for the next night, or throw it away and just drink another bottle the next night. We tried to keep the bottles fresh. We drank a half a bottle of wine, a quarter of a bottle of wine. I never really did drink a lot of wine all my life, but I drank a lot of different wines.

So we tested and drank and sipped and sampled and had tastings, and that was the era when everybody was running around with bags and coming over to your house with ten bottles of wine in bags, and "Guess what I've got?" and "We're going to do a Cabernet tasting," and all informal, sometimes formal. We drank every possible variety there was, every conceivable flavor, character, location, appellation, country, to learn. Hundreds and hundreds of bottles of wine.

Hicke: I need to go back and ask you when you started drinking wine. Was it a family tradition?

D. Duckhorn: No. Well, my father--yes, I could say that my father made wine in the cellar at Sebastopol, in the apple cellar. They had cherry trees and they made this god-awful cherry wine, which was sweet and thick and sickening. But they would sip it. They would use it like an aperitif, occasionally with the meal, but they did have some wine with the meal; they would go get some jug wine that was made in town there, in Sebastopol, like Martini & Prati, a few people like that who had been around a long time. They would drink that wine.

But they drank a lot of cherry wine, just kind of sipping it in the late afternoon. I can remember my father and my uncle sitting down in the cellar, cool, and they had these maybe eight or ten casks, pretty good-sized barrels of cherry wine that they had made, and they would sip it.

Hicke: Did you ever have a sip?

D. Duckhorn: Oh, of course. They would dilute it with water. But it wasn't in my vocabulary and my nature. I didn't drink alcohol in high school. I drank a little bit of beer, as I said, in college, but I didn't drink hard liquor very much at all during my life. And my father drank an awful lot subsequent to that, and all his life, I guess he drank more than I thought he did in those early years. I had a little bit of wariness in me. Whereas my mother's side were totally teetotallers, all of them.

So I looked at my father's side, a few of them who drank an awful lot; I looked at my mother's side who didn't drink at all, and I kind of had these two warring camps in front of me, and I chose the middle ground and did not drink much, and still do not drink much distilled spirits. Of course, I have a martini now and then because it's kind of nice, but I don't drink every night when I get home. I don't have a martini when I get home ever. And I drink maybe now once or twice a week, and during the week beer or a glass of wine. In summertime more beer, and in the wintertime I always drink wine. Margaret drinks wine every day.

But in those days when we first got started, in college and high school, we didn't have much wine. In college you had beer, or in the early days, we had open bars. They don't have those any more, it's illegal. But in those early days, we had an open bar in the fraternity. You could go up and get a bourbon and water when you were nineteen years

old. That was a big deal. I mean, it was a big deal. Your parents probably didn't want you to drink too much of it. So that was a little different. But you didn't have a glass of wine.

I'll tell you one little story on the side: we did have parties, and somebody came up with this god-awful concoction of 50 percent Coors beer from a keg that we had, and 50 percent Gallo Hearty Burgundy. We put it in this tub, [laughs] and drank the stuff. That was sort of the raging drink for a year. After a couple of headaches of that stuff, we decided that was not the drink.

Hicke: It's a good thing you're still alive!

D. Duckhorn: But think about that, though! Just think what I just said. That was an interesting pop wine. It had fizz in it, and it had wine base. We didn't know what we were doing at the time. Of course, later on they started mixing fizzes, sparkling juices with wine, and wine coolers, and that was the first--I still say to this day, I've always told the story that I still say today, we were way ahead of our time. We had a wine cooler. It just was a little odd. [laughter]

Hicke: You should have patented it!

D. Duckhorn: Yes. Nobody ever thought of putting sparkling--we didn't have sparkling juices, though, in those days. We didn't have much. Maybe a little Martinelli's Sparkling Apple Cider, but we didn't have sparkling juices like you see today. So probably we would have blended it, but the only sparkling thing we had, nobody wanted to put water in it, so the only sparkling thing we had that was carbonated was beer.

So we didn't drink much wine. I didn't drink much at home. My mother's side, of course, didn't have it. We didn't have anything when we went out to the ranch there.

And interestingly enough, just as an aside, when I go back to Cal today, because my brother and sister both went to Berkeley and graduated from there, so when I went back to their parties, when my sister was there, that was nine years later than I, she was drinking a lot more wine. And when I go back there today, the parties at the fraternity do serve Cabernet, and our wine, of course, is naturally Merlot. We couldn't pronounce Merlot, let alone serve it. So we didn't have any association with it at all. So that's when it all started.

Hicke: So how did you develop your palate?

D. Duckhorn: Like I said, during those seventies, when we were doing the greenhouse and the vineyard consultation, I was up here every single day. You had to. And it isn't a complex topic, it isn't, but it's an experience thing. It has nothing to do with what is good or what is bad or what is bright-colored or what is dull-colored. What it is is what you like, so each person has their own experience and they develop what they like.

And then it sort of falls into a broad category. The way you determine that is just by drinking a lot of it, different kinds--not a lot at once, not being a wine consumer in heavy amounts, but drinking a little bit of a lot of different wine, and that's how you do it.

Hicke: You have to have a stupendous memory, I think.

D. Duckhorn: You know, it's amazing. It's amazing how it develops. You wouldn't think you would. You would think [you'd forget] the first couple of glasses, especially when we really started drinking, and we started on whites mainly, and probably Sonoma Vineyards Chardonnay was one of the first ones that stand out that I really liked, when they were first really making a great Chardonnay those early years.

You developed it. It's amazing how your palate, after about four or five years, we got to a point where we could really start differentiating pretty amazing stuff that I couldn't even spell or pronounce or even know existed, could start to differentiate. You could even differentiate between domestic and foreign wines. You could differentiate between certainly different styles of Cabernet. Obviously you could differentiate in most cases between Cabernet and Pinot Noir, let's say.

And then you start differentiating between the styles of the producer. And then you got to distinguish between the vintages. And then it got to be where you got a good feel for it, but it just took an awful long time. But it wasn't nearly--I look back--as complex as I thought it would be. I thought it was some weird thing that people did, and "How could you ever gain that knowledge?"

I remember when I was working for the bank, you had to get involved in wine that was being consumed, at least a little bit in the more formal situations then. My next-door neighbor, I hunted ducks, so he came over one day and he

said, "I'll trade you a bottle of wine for a couple of wild ducks." I said, "I don't know who's getting the better of the deal. These ducks are hard to get, and they're expensive, and I love them. I'm not too sure I want a bottle of wine."

He said, "Well, I've got these great bottles of wines, and I buy them down at Kermit Lynch." And I thought, My goodness. So I went over to his living room, and here he was sitting cross-legged on the living-room floor with about fifteen or twenty different bottles of wines. That was my first real exposure to just a little bit about the topic. I wasn't drinking at all. So I traded him and drank the wine, and liked it. But I never really got into it until I came up here, for sure.

Did a little bit in college. You would take tour to Christian Brothers, you had to do that when you're in college. You'd go up to the monastery, to the Greystone--not to the monastery but to the Greystone building.

I remember one of the first wines we really liked was Johannesburg Riesling. That was kind of sweet, and had sometimes a real effervescence, and then Charles Krug Chenin Blanc. Those are the wines that you really--and then we gravitated to Sonoma Vineyards Chardonnay, which was a little better made than these over here at that time, I thought. They were probably all the same, but to me, that was one of the first ones that I drank and liked.

So you had a little exposure to it in college, but you never really--it was just kind of something, more of an event to do rather than a focus on the wine, which came up to the Napa Valley, because it was fine if you could get a date. It was a great date, to come to the Napa Valley and drink wine.

III DUCKHORN VINEYARDS

Getting Started: 1976

Hicke: Okay, so we actually got you up to--

D. Duckhorn: Yes, got me up to where I was. Yes, tasting, now we're tasting at dinner, drinking a lot more wines. Now the bench-graft operation faded. Margaret and I had to decide what to do, whether I should go back to San Francisco and work. I said, "Why don't we just buy the property?"--this property where we are today, Lodi Lane on the Silverado Trail, ten acres, "Why don't we just buy it?" Had a bunch of greenhouses on it. "Why don't we buy it and see if we can make wine ourselves and get in the business?"

And oh my goodness, that brought on a lot of discussion. "Well, I'm working, I can make some money," and "Yes, I know, and gee, this is going to cost us a little money." So I put a little proposal together, because I had that experience of the financial side, passed it around to a couple of my good ole boy friends going way back, business associates, some childhood friends, and some fraternity brothers. And I raised I think the first, to get started, I don't have the exact number, but I would say it would be about \$35,000.

And Charlie Crocker said, "I'll tell you what. I'll sell you this property on Lodi Lane for \$50,000," if you can imagine that. "You pay me when you get the money, give me a little bit down now, and I'll charge you a modest interest rate, and I'll throw in all the equipment," because there were tractors and stuff. He said, "You can pay me--" I can't remember what the price for that was, not very much. And he said, "Why don't you make some wine? You can get started."

So we formed the company in 1976, capitalized the company, St. Helena Wine Company. One of the shareholders that I had, the early shareholders, was a graphic artist. I said, "Why don't you design a label for us? Let's make some wine." He said, "All right, I'll do that."

Hicke: What was his name?

D. Duckhorn: His name was Bill Cain.

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D. Duckhorn: Bill Cain, and he designed the label. We decided then-- there was a little hiatus in there, because we didn't really make the first wine until 1978. So we formed the company, bought the property, cleaned it up a little bit. We had a tenant in here who was leasing, that helped get us some revenue. He was a mechanical harvester. He had a couple mechanical harvesters, and he had a little farming company, so he leased part of the land. That helped us get some revenue. Margaret was out doing her school nursing.

Hicke: When you say "we," who all was involved?

D. Duckhorn: Just Margaret and me, that was it. All the shareholders were silent. They were all friends, and they were all living in San Francisco or away. So we were the only ones living here. The children were in school in St. Helena, and then we were still living in the same house, 1973, that we bought on Meadowood.

Hicke: And how many silent partners were there?

D. Duckhorn: In those days, there were five, five of us.

Hicke: Can you tell me the names?

D. Duckhorn: Yes, they were Gary Gates, Ed O'Dea [spells], Bill Cain, Dick Berridge [spells], and then two early partners, my brother and another friend named Dave Lombardi, bowed out after the first year, and they just left their money on the table. About a year later, we had another capital call, because we had to make another vintage of wine, make a payment on the property, so they said, "No, but we'll just leave our money in that we put in at the beginning to help you out." It was kind of nice, that was very nice.

Hicke: What is your brother's name?



Above: Harvest,
1979. David,
John, Kellie
Duckhorn.

Right: Barrel
chai, Duckhorn
Vineyards.

Below:
Development
of the
winery, 1981.



Above: Dan
and Margaret
Duckhorn
with Tom
Rinaldi,
winemaker,
1978.

Below: winery
constuction,
September,
1981.



D. Duckhorn: Ron.

So they helped us out. That helped a little bit. And then one of the early partners, Alan Bray [spells], decided to sell, because he was getting along in years, and he didn't want to get involved in any kind of a venture capital deal, so he sold out to Bill Cain, and off we went. Raised a couple more tranches, as we call them, of financing, and the first wine was made in 1978.

Mostly Merlot

D. Duckhorn: We focused on Merlot, because I had gone prior to that on a trip to Europe with Ric Forman, who was the winemaker at that time for Sterling, and he said, "Why don't you join me? The two of us will go to Europe, France, for two weeks. I make a periodic trip, and I'll take you on this trip, you just come along and ride shotgun and ask questions. We'll tour the Burgundy and the Bordeaux regions."

Hicke: What year was this?

D. Duckhorn: I think it was somewhere around right when we got started, around '76 or '77, probably '77.

So off we went. And I came back, and he was a Merlot nut anyway, because he had made some with Sterling, made some of the first Merlot in the Napa Valley that was varietal-labeled. So he'd been following it, and we went and spent a lot of time in Pomerol and St. Emilion, the two regions where Merlot is dominant.

Hicke: Did you go to Chateau Pétrus?

D. Duckhorn: Oh, you bet. We went to all the great properties. I guess that, having tasted those Merlots and having tasted--a couple of friends of mine and I bought at a local auction a lot that Sterling donated, and the lot was, "Come and taste all of our wines with John Thoreeh," who was then the Sterling wine director, "and we'll taste all the Merlots we've ever made."

That tasting at that auction that we did, plus the trip to Europe, plus just being hammered in by Ric a little bit, who was a personal friend, got me interested in Merlot. There was no economic reason for starting out in Merlot. I

wish [I could say] I was clairvoyant as to what subsequently happened, but all to the contrary: it was what I liked. And that's why I brought that other comment up earlier: I like the softness, the seductiveness, the color, the fact that it went with a lot of different foods, it wasn't so dominant like Cabernet and so bold, didn't need to take the aging, and had this sort of velvety texture to it, it seemed to me to be a wonderful thing to drink in the wine business.

So I fell in love with Merlot for reasons of its own properties, and not for any economic reasons.

Hicke: But didn't you consider that the demand was not there?

D. Duckhorn: Yes, but there was no supply either.

Hicke: The supply has to come first, you thought?

D. Duckhorn: Yes. I felt that if we could make the wine and we could do a good job with it, and I saw what these people in Europe were doing with it, in France especially, and I thought, Gee, the French have done such a great job with the varietal. That was relatively new. Pomerol was a relatively new place. Nobody had heard much about Pomerol, and it wasn't talked about much--only Pétrus, and Pétrus wasn't really talked about until the sixties, until a couple of movie stars found out about it and they liked it, so they promoted it. Then it became famous as sort of a cult. It didn't have any real following, either.

Hicke: You took on a double challenge, not just starting a winery, but starting a whole wine.

D. Duckhorn: Yes, starting a whole wine. I just liked it. And we had the availability, because Ric Forman, who was at Sterling then, said that, "We get these grapes from this Three Palms Vineyard," and I knew the owners because we were all friends. They said, "We'll sell you some of those grapes. We don't need them all." Ha, what a statement that was. "So here are your little rows in here, and you can make some wine out of here." Isn't that great? 1978.

Hicke: Oh, that's perfect.

D. Duckhorn: We did. So we started making it, and then a friend of mine up on Howell Mountain told me--and I heard through just discussions--that Bob Mondavi always was enamored between this--I think it's called Soslow, which was a vineyard--it subsequently sold--up on Howell Mountain. It's now owned by

Beatty, Michael Beatty. This friend told me to go and get some grapes from there, because you will love the intensity that they have, and make your Cabernet from Howell Mountain, because it's a rare place.

So we made some Cabernet from there, and from Dick Steltzner's property in 1978, because everybody talked about the smoothness of the Stag's Leap area, although nobody knew much about it. There weren't that many wines made prior to that. But of course, [Warren] Winiarski had done well with the Paris tasting, so there was a lot of--Stag's Leap district was definitely rolling by then, by the late seventies. So we decided to make some Cabernet from the Stag's Leap district, blended with this more harsh Cabernet from Howell Mountain, and make some Merlot from Three Palms.

Well, the Merlot was all right in 1978, but we sat around tasting it and we thought, This is a little too soft. In those days, people were looking for--gee, you had to have something bold, and you had to have something outspoken, had to make a statement, and people were making late harvest Zinfandels, and Cabernets were--god, you could brush your teeth with them.

So we thought, Why don't we make our Merlot a little more emphatic? So we blended the Cabernet lot into the Merlot that we made from these two vineyards, and we blended about 15 percent in.

Hicke: 15 percent Cabernet?

D. Duckhorn: 15 percent Cabernet, 85 percent Three Palms Merlot. Then we went to the BATF, and this was bottled and labeled, and they said, "Oops, if you name the name of a vineyard--" now, there weren't that many vineyard-labeled wines at that time either. There were some, but not very many, in the mid-seventies. So they said, "If you name the name of a vineyard, did you know that you have to have 95 percent?" And we said, "Oh, where does it say that?" "Well, it's kind of in our administrative rulings."

"Well, you can't expect a little old winery like us to know that." They said, "Okay, we'll give you what is known," and still is today, "as a use-up. Use the labels up, but don't make the mistake again."

Vineyard-Designated Labels

Hicke: I have to ask you how you decided to do a vineyard label--a label with a vineyard designation.

D. Duckhorn: Because we'd heard so much about the Merlot from this vineyard, and we knew the owners, and we knew if we could put the vineyard name on the label, it would give the Merlot that much more--be that much more credentialed, so it would give it that little extra edge, because it would come from a single property. Since we didn't own our estate, and I had gone to France and understood a lot about estate-bottled wines--that word was also very misused--I thought this was the next best thing I could do. We don't have a property, but if we put the vineyard label on it, it would be like it's estate bottled.

So that's what we did. And we thought we'd honor our friends, the Uptons, the owners. So we put Three Palms Vineyard on the label, and we made Merlot.

Hicke: And the BATF let you get away with it?

D. Duckhorn: That one year.

Hicke: Just one year?

D. Duckhorn: We had to use up those labels. They said, "You can sell that wine, but don't do that again. If you use Three Palms, you must have 95 percent or more of the grapes must come from Three Palms, by law." That's kind of still a law, but I still haven't figured out where it's written--I guess it's somewhere.

Growth and Expansion

D. Duckhorn: So off we went. In 1979, we had to raise some more money. We had no idea whether we'd sell what we did. I said, "Let's make another 1,600 cases or so." We had 800 Cabernet, 800 Merlot that first year. So, "Let's make another about 1,600 cases."

Meanwhile, I had gone on that trip to France, and on a subsequent trip to France I had met the Nadalie family, they were barrel builders in Bordeaux. I wanted to use great

oak. So I demanded that we have brand-new oak for the first vintage and brand-new oak for the second vintage, which again required another capital call. So we got brand-new barrels again for this 1979 ready to go, and it rained like the devil right at the end of the vintage.

The Merlot was in, but the Cabernet--there was a little bit from the hill, which we got, and I'm not sure how much we got from Howell Mountain, but the Steltzner Cabernet was rained on heavily. The 1979 vintage, as you know, was a tough one. So we have pictures, I think Margaret has them in a scrapbook, where the children are pitchforking--in those days, we pitchforked all the grapes out of the gondola into the little crusher-stemmer, a little Zambelli crusher-stemmer, and we left about a foot and a half of sludge--gunk--down on the bottom. It was water, crushed, macerated, spoiled grapes, because the bunches--we couldn't sort in the field, because the pickers in those days didn't want to sort in the field. Those were days that pickers did not field-select, and I'll talk about that a little later, too, because we do that much differently.

Hicke: Let's continue with the 1979 grapes.

D. Duckhorn: Yes, so field selection was very important, field sorting.

So in the grapes went. We made this Cabernet that just wasn't really great, although we did our best to save it. I mean, we just took the best clusters that the pitchfork would pick up, and made Cabernet, and made Merlot, but it didn't really make it. So we blended all the Cabernet into the Merlot, and we made a 1979 Merlot, one wine, and discarded--we even left one gondola of Cabernet out in the field and we didn't even touch it, and Dick Steltzner wasn't too happy with me, but we negotiated out of that, and we settled it out with him and he got his money. We just didn't use the grapes. In fact, we dumped the whole gondola in the back, on the ground. It was about half full of gunk anyway, and we just dumped it over and let it run off, just let it go. I paid him for it, though. We made one wine in '79, Merlot.

By 1980, now we had another vintage coming up, and a release period. So our first release was in 1980 of the '78. In order to release the wine, we went around and we went to--now I've been in the Napa Valley for ten years, so a lot of contacts have been made: press, retailers, wholesalers. So I started making contacts. We decided in the beginning that we would sell the wine strongly through a

mailing list, which is an old cycle, we've got that coming around today again. So we used a mailing list. Essentially, it was our Christmas card list, and other subsequent friends that we had.

We put this little flier out and we said, "Welcome to Duckhorn Vineyards, this is our first vintage." We had about eight or ten trade people--both local restaurants and shops and a few distributors--stop by, because we had called them or they had heard of us--most of them had heard about us--and they tasted the wine, and it just took off. They thought it was the best. It was different, it was unique, it was a great year to start--I think that's 95 percent of it. I believe that all wines are made in the field, so that it was a great year to start making wines. It could have been '79, I could have loved Zinfandel--we could have started out in 1979 with Zinfandel, and I'd be a totally different thing today maybe. It just all happens. Everything is fate, everything is natural.

Hicke: Can we go back and pick up the vineyard, when you turned this property which was greenhouses into a vineyard?

D. Duckhorn: Yes. We tore down the greenhouses, refigured the land out here and planted grapes in 1981, because it was just bare land. We were just using it to grow--part of the nursery operation was to graft the plants, grow them in pots for a year, then they went dormant in the pots, then nursery-root them, dormant, or even nursery-root them right after you graft them, and then dig them out of the ground, and they would be a much hardier plant. So we used this property for that for a couple of years, and that was all experimental. We had no idea what we were doing on that. Some of it was a disaster, and some worked out very well. Those are still the best plants today, but very costly to produce, because you have to grow them yourself first, and then you have to get special equipment to dig them out again to sort them, trim them, bundle them, and then ship them to the buyer.

Hicke: And what did you plant?

D. Duckhorn: We planted whatever--we'd nursery-root by variety whatever the contract called for. It wasn't a permanent vineyard. Greenhouses were here. And then we started taking the greenhouses down, as that tenant who was using them, who had their mechanical harvester and some other stuff here he was doing, took it all away. So eventually we just had a small building out in the back, and we just converted a little shed into the winery, put the barrels in it, and we had

three stainless steel tanks that we purchased, put those out underneath an oak tree, and that was the winery in 1978 and '79.

Hicke: And you didn't plant any vines yet?

D. Duckhorn: No, we had no planting here then. It wasn't until '81 did we plant the property.

So we started out on what would be classically known in this business as a real shoestring. In fact, it was a tennis shoestring. [Laughter] We started out with virtually moccasins. We just barely had enough money--let me just drop back, without taking too much time. I'll take a couple of minutes on this subject.

Heublein Antitrust Case: 1976-1980

D. Duckhorn: I have to tell you something: that in 1976 when we first formed the company, Bill Wren, who now works for Spring Mountain [Vineyards], at that time was working for Heublein--he was working for Inglenook, which is owned by Heublein. Heublein was being sued by the Federal Trade Commission for the acquisition of United Vintners, which actually was the entity in San Francisco that owned Inglenook. Beaulieu was a separate transaction, purchased separately as a separate entity.

Heublein was sued by the Federal Trade Commission for antitrust, because Heublein had a lot of foreign wines that they were importing, Lancers, and making some other wines, Lejon. So the government said that this could tend to become a monopoly, and it was a 1 percent of the market buying a 16 percent of the market, therefore controlling 17 percent, and probably somebody complained who was already in the business, so Heublein was under attack by the Federal Trade Commission.

By 1976, it became obvious that they were going to go to court, and there was going to be a lawsuit by the government. So I was recruited by Bill Wren sort of part-time in the beginning to help fight the trial, not as a lawyer, but as a gatherer of documents. That is mainly on the financial side, plus some of the vineyard side, because I had some experience with all the nursery and all the growing and everything. Plus, I was just that kind of a

person who would be reliable, to be able to focus and do something like that, and I needed the money. That was the most important part.

So the general counsel of Heublein hired me in 1976, and the trial was the most--it was so dominant in my life, it took every ounce of my energy, and even though Margaret was here, I would be commuting to San Francisco and New York and Washington, D.C., during all this trial period, which was four years, from 1976 to 1980. She was the family breadwinner, although they paid me very well then, by the way. But she was running the family and the winery and helping do things, and I would commute, and then I would do things on the weekend. It wasn't much, it wasn't a big deal. It was only 1,600 cases, because we weren't selling anything then.

By 1980, the trial had ended, I had left Heublein, came back home, because I was really on the road most of the time, and we ended up then deciding for sure that we would stay, that I loved the business, but now I had really gotten a lot of experience in it. This trial was about every aspect of the wine business you could study. I had to go back to the beginning of time practically and study wine, and of course, Heublein's total marketing--because it was a marketing structure--that's where I learned the marketing side, because the trial all was about how Heublein would dominate the market, so we had to fight that. Introduced thousands of documents. It was an amazing trial. A huge trial. I mean, you cannot believe. I had boxes on TWA planes that I had to transfer between here and Washington, D.C. It was two weeks on, two weeks recess, two weeks in San Francisco, two weeks recess, two weeks trial in Washington, D.C., for over a year. Constantly in planes, constantly gathering documents, constantly on the phone, late nights. But I couldn't have learned the business faster, the marketing side of it. Little production, because they weren't focusing on the grapes, it didn't really matter. They were focusing on controlling market, market clout.

So that's where I learned the marketing part of wine. And they had not too much premium wine, although Beaulieu was quite active in the trial also.

So 1980, I came back.

Hicke:

How did it turn out?

D. Duckhorn: Lost under the administrative law judge. It was not a jury, it was an ALJ, and then the Federal Trade Commission overruled him. We ultimately won, and we had a gigantic victory party in Washington, D.C., that was one of the great parties of all time. It was a wonderful party.

Making the Wine

D. Duckhorn: So I came back here to work then full time, because now we were releasing wine and somebody had to really be here at the office full time. I had a part-time secretary, and there were just two of us, the part-time secretary and myself, and then Margaret was working. She was still the school nurse. She would come in and help at nights and early in the morning, and on weekends. She probably has a little better recollection of that era or might have more comment on that area than I might have, but she was very integral in the starting of it all.

The wine was well received, the first release.

Hicke: Do you know what, we haven't talked about your winemaker.

D. Duckhorn: I'm going to get there right now. So the wine was well received. The reason why, I feel, was we had these great vineyards. In 1978, I said to a couple of friends, "I need somebody to make this stuff, and maybe he can come part time or full time, we can pay him a little bit." So this fellow rolls up on a motorcycle with tattoos on his arm, and I thought, That's not what I had in mind. I kind of had a guy with a little bit of gray hair maybe, and a pipe in his mouth, kind of talking about the vintages of Bordeaux between 1940 and 1970, so you have this image of the "little old winemaker me." [Laughter]

So up comes this dude with his motorcycle, bruuuum, rolling in, and I thought, Oh, this is going to be something. Interviewed him and liked him. We became very fascinated with each other's total diverse styles of life.

Hicke: And this was--is?

D. Duckhorn: Tom Rinaldi. He joined the company in 1978, just in time for the first vintage. We also had a Japanese fellow who had worked with the nursery operation--in the planting and the nursery and the consulting operation--and he stayed on,

he was around, he came back again part time, and then he came on also in 1978 full time. He just passed away, so he'd been here ever since also.

Hicke: What was his name?

D. Duckhorn: Jerry Watarida [spells]. He was a very stern Oriental, Asian type who was very dominant and very--everything had to go according to Hoyle. So he kind of kept us all in line. He was inflexible, and this business demands flexibility. He was inflexible in everything. But it demanded a little bit of discipline. It does, it demands discipline, it demands patience. If nothing else, this business demands patience.

So off we went. Tom started, he stayed here, he loved it, has stayed here ever since, as you know, has made every bottle of wine at Duckhorn. He was young, he even one day came roaring in the kitchen--I remember this, it was after the '78 [vintage], and we were just getting ready to blend it and decide what to do. He said, "Just blend the Cabernet and the Merlot! I did it in the lab, and it's fabulous! We'll just make one wine!" I said, "What will we call it?" He said, "It doesn't matter! It is so gorgeous! We don't want to make a varietal Merlot."

I said, "Oh, let's do it. We have to make a Cabernet, because everybody's doing that, but we have to make a varietal Merlot. Let's just try it." So Margaret and I overruled him. She also wanted to make a Merlot, but I was really adamant.

So we bottled the Merlot separately, and the Cabernet in '78, and it did very well. The market received it with open arms. One is because it was new and different; two--

Hicke: This is the Merlot that you're talking about?

D. Duckhorn: Yes, just the Merlot, in 1980. Two, it had this wonderful character to it that still exists in that bottle. That was the vintage. And the style that we took it in, we took Merlot and made it like a Bordeaux, a wonderful Médoc Cabernet. That is, we used these great new barrels, we didn't macerate it heavily, we treated it just gently, like they do those great Cabernets, and the Merlot just jumped out. And by treating it that way, contrary to all the other ways it had been treated, either blended after it even was made well, or just stainless steel fermented and just barrel aged in old oak--all of them were stainless steel fermented,

but quickly fermented, aged in relatively minor oak if at all--stainless steel, I meant to say more or less aged in the stainless steel--and then it never really touched great oak and never was treated to breathe carefully in those new barrels, so it never was given a chance to shine in the sun. Even if somebody wanted to do it, they just didn't do it.

So now all of a sudden, the '79 came out, and since it was a Merlot and not a Cabernet, we wanted to label it Merlot, we didn't want to give up making a Cabernet, but we had to because the rain spoiled the Cabernet. Now we had two Merlots in a row that were really well received, the '79 not as much as the '78, but it was very well received.

Now we made the '80, which was this great, alcoholic, big blockbuster, because that's what '80 gave us. Margaret came in crying, I remember, right in the middle of the harvest, because it was so hot. She said, "You won't believe it, the gondolas are lined up at Mondavi, the Chardonnays, Cabernets, Pinot Noir, all lined up one after the other. Everything's ripe." We had ten straight days over 105. It was the hottest period in harvest ever since I've been here, that year.

So we had to get these grapes in quickly because they were all hand-picked. And then we had jumped the production up to about 2,500 cases, so we had to get the grapes in quickly.

Grapes and Harvesting

Hicke: Tell me about the grape harvesting. You mentioned the selection and--

D. Duckhorn: Yes. We learned from the beginning--and I saw this in France, they carry these little, teeny baskets. My daughter even went to the harvest in 1982, but I had seen them in pictures. I had not been there during the harvest, but I had read an awful lot. Saw these little, teeny baskets; there were students coming out to the vineyards, putting them on these guys' backs and then into the douilles and then into the vats, into the cellars, and I thought, Gee, they really take care of those grapes. Here, we were just dumping them in lugs and the big, five-ton gondolas were rolling down the highway in the exhaust and the heat and the smoke and the rumbling and the crushing, and I thought,

That's not the way they do it. So I said, "Let's bring all of our grapes to the winery in smaller containers."

So the first year, in fact, also the second year, we brought them in those little wooden fruit boxes. So all the grapes came to the winery right out of Three Palms in little boxes. We didn't have a gondola.

Second year in '79 we had to use gondolas, because Steltzner didn't have the boxes, but I still hand-sorted in the field, and then when they got here, I made sure we picked them out and we put them on a table before we put them in the crusher-stemmer, or at least put them in the crusher-stemmer very gently, so that there was no real maceration. But I must admit, we were standing on top of the grapes in the gondola, so there was a little bit of--but at least we tried to get them here as quickly as possible, and we tried to hand-sort in the vineyard.

Ever since those first two or three years, we became much more routine in our process. We use half-ton bins today, and they're all sorted in the field for sure, people leaning over in the bins when the pickers bring them in, and then we hand-sort them on a big sliding tray. So every cluster is sorted. And it's brought now in nothing greater than a half-ton bin. That seems to be the most economical size. Get much smaller and it gets--although I've looked at the plastic boxes that you've seen the sparkling grapes come in, the yellow boxes that come in, and that may be the ultimate, but gee, it's so hard today to get the pickers to do that. So anyway, we still hand-sort, and have done that ever since day one.

Hicke: You tell the vineyardist exactly how you want it done, and you have control of it?

D. Duckhorn: Yes, and I failed to mention that for a little bit after the Heublein trial was over, I stayed on in the grape department. They asked me to stay on and give them some help at Heublein in San Francisco, so I did a lot of work in the grape department and working with the growers in contracts and so forth. That helped a lot on my subsequent experience, because we have twenty-five growers today to deal with.

But I learned then that the grower is king. Heublein didn't think that in those days; they treated them like a commodity, like a piece of equipment, which was okay, because that was a financial thing. I felt that the growers

were king, so today we still treat them that way, and we pay them well, and we give them instructions, and we go get every grape. The grower does not bring the grapes to the winery. We provide them with the equipment to load into, and then we haul to the winery. So the grower doesn't do anything, once they're in those bins; they're our responsibility. If we dump them on the road, they're our grapes. So they're F.O.B. [freight on board], so to speak, the vineyard.

Meanwhile, we just ask the grower to help us sort in the field, and oftentimes, they'll give us one or two people on their staff to help us sort. Or we have our own staff sorting.

Hicke: You determine when they pick?

D. Duckhorn: Yes, and we give them advice during the year with respect to growing tips.

Hicke: Trellising and--

D. Duckhorn: Trellising, and selection now today of rootstock is important of course, but trellising, leafing, spraying, all the things you do, we're involved.

Hicke: Are they on a year-to-year contract?

D. Duckhorn: All the contracts are a little different. They are on year-to-year, some of them, when we start out because we don't know what the quality is going to be, and then most of them now are on evergreen--three- or five-year evergreen contracts--which means it's a continuum contract unless either party decides to get out, and then you must live for the remaining amount of the contract, for sure. Let's say a three-year evergreen, after one year of harvest, if you don't get along or something happens, then you have two more years to go for sure. So you never really get out of the vineyard on a year's notice. That I couldn't tolerate, there's too much going, too much at stake. [tape interruption]

The 1980s: Vineyards and Grapegrowers

Hicke: Okay, we're just up to the eighties, and you were going to talk a little bit about the vineyards.

D. Duckhorn: Yes, I wanted to mention a couple of things. We started out in about '81 or '82 with the production increasing in sort of stair-steps every couple of years. When we got it to around 5,000 cases or so, it became much more important for us to look and focus on vineyard or grape sources. In the early days, there were still plantings going on and replantings, and there were relatively a lot of grapes available, because there were not that many wineries at the time. When we got started, there were--let's see, 1968, there were twenty wineries in Napa Valley. By 1978, there might have been thirty-five. We can probably document that, but it's close enough for discussion. Whereas today, there are 235 in the Napa Valley.

So during those early years, there was not that much pressure, not that many growers decided to make wine, which caused a lot of pressure, and there was not much demand and competition for the grapes. So although there wasn't much Merlot planted, you could really look around and get some pretty good Merlot, not a lot of it, but there were not very many people looking for Merlot also.

We chose in those early years to concentrate on two things: first, hillside, or what I'll call sloping hillsides, those that some people refer to as the *côte*. For example, the Silverado Trail is planted on some of the best vineyard land in the Napa Valley, right where it just starts sloping up to the hill.

Hicke: The alluvial--

D. Duckhorn: Well, no, just the slope of the hill itself, with the mountains on both sides. Then we chose to concentrate on the alluvial fans, and those are about eight or ten creeks that flow into the Napa Valley, and where they reach the Napa Valley floor, and up into the hillsides where they come in, there are tremendous gravel beds. That's where we feel the best grapes are grown. Not all of our grapes come from those areas, but a substantial amount come from either those types of soil series, or hills, mountains, or something with a slope. In other words, relatively rocky but well-drained and sparse vegetated series in the soils, but relatively--

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D. Duckhorn: Everybody wanted to plant grapes in relatively well-drained soils, but I don't think a lot of people were really focusing on the actual creeks, although that's just where they are. Although there are a lot of rocky soils series

that are not necessarily associated with alluvial fan or near a creek, but certainly that's where we focused.

To this day, we still maintain that philosophy.

Hicke: Certainly it has been a successful one.

D. Duckhorn: It has, but also, you can get strung up by your own petard, so to speak, in that in the years that are great, for example, in 1985, our wines are almost too bold, too strong, too rich. However, in the years that are marginal, we seem to be always hitting a home run, or a double or a triple. We don't necessarily hit one over the fence, but in the years that are marginal, because these soil series produce fruit that's a little stronger in character, in years that maybe there might be excess rainfall or even a large crop year, which often happens, we don't seem to get that real negative effect. There's some of it--don't misunderstand me--in some of our wines, but we seem to always be right; the consistency is greater over the years. I guess that's what I'm saying.

But in those years that are really great years, so to speak, and '85 was supposedly one, ours are pretty rough still. They need a lot more aging. I think that all comes back from the soil series that we've selected.

We also believe that selecting grapes from up and down the Napa Valley reduces the risk of any one thing happening to you. That is, if one particular vineyardist does not get up and turn on the alarm or turn on the frost-protection system, or if it rains in the south end from Hawaiian storms coming in, or in the north end from the Aleutians, we have more of a chance of, again, striving for consistency.

So we've chosen to always have a large number of growers, spread up and down the Napa Valley. Besides, the different areas of the Napa Valley impart different characteristics to the wine. That is, they tend to be more fruity as you move toward the southern end, and they are more austere and a little more intense as you move to the northern end. So they make greater blending possibilities and options. You need blending options, and we've always believed that blending is our forte. So, for example, our Napa Merlot, our Napa Cabernet, may have fifteen to twenty different properties in it.

Hicke: That increases your administrative costs.

D. Duckhorn: That's right. There's a lot of record-keeping associated, but also it makes it more interesting for everybody on hand, because if you made wine from one vineyard, one block, year after year, I guess you could sit around and talk about the vintages. But we can talk about, "Do you remember that grower? Remember how cranky he was when we went out there?" We can talk about, "Oh, so-and-so got a divorce, and boy, we had to fight for that vineyard, we didn't know who we were going to be buying the grapes from." Or, "How about the grower who decided to make his own wine and we got thrown out?" There are all kinds of stories, and that's been great.

Blending

D. Duckhorn: But it also makes it interesting when we do our blending. Keeps the staff challenged; you have to have some mental stimulation, because in this business, the marketing side always has been mentally stimulating, because you're out on the road meeting different people, traveling all around the world. There's no better job than that. But inside the cellar and the winery, you have to have things that are stimulating also, and I'll talk about that in a little while with respect to a new project that we've done.

Hicke: Who does the blending?

D. Duckhorn: All of us do the blending, the whole staff, and we also bring people in from the outside so that we don't have what is known as a company palate. That's a terrible thing to get involved in. You have to have different people. We have other winemakers and friends come in and help us blend, because if you have the same people here every day, you tend to get into a mold. By bringing different people in from the outside, hearing their comments, you still want consistency, but you certainly don't want to get so stereotyped that you've lost sight of some other possibilities of a blend that could give you an even more diverse wine and more exciting wine.

Hicke: Broaden your horizons.

D. Duckhorn: Exactly, and plus, you learn a lot when you have other people come in and taste it.

Hicke: So is there somebody in particular that you--

D. Duckhorn: No, it's a diverse group. It's like a floating crap game. Anybody who can show up on that day that we're doing it can come in and taste with us. It can even be trade people, customers, consumers.

Then I guess we believe that the time of picking is the most important thing, so not only the location of the grapes, but the time of picking. We believe that there's a window of sometimes maybe only twenty-four hours when grapes should be picked on each of the properties. To be sure, that window can be stretched depending upon the climate, but if the climate is changing dramatically, i.e., getting hotter or colder, or rain is pending, then you must make some different moves than you otherwise would.

But generally speaking, we individually in the company sample the vineyards of all of our growers; we do not let the grower tell us. Although sometimes when we get jammed up and we rely on the grower, he'll tell us that the grapes are X; we bring them into the lab and then we go for it. But very seldom does that occur. We test everything, sample.

Hicke: The grapes.

D. Duckhorn: Yes, acid, pH, and grapes. And then we taste the grapes. So Alex and I and one other person, we walk through the vineyards prior to picking, and we taste the grapes.

Hicke: Alex?

D. Duckhorn: Ryan, he's my assistant, and he does a lot of things but does mainly the viticulture work. So that's another thing we believe in strongly. Small box, hand-sort, picking at the opportune time, and moving the grapes to the winery as quickly as possible. When the first grapes are picked, rather than have them sit in the sun or sit in the field, we start the process of bringing them to the winery, because it takes a little while to process the grapes here, because they're all hand-sorted. So as a result, we can't load up the winery quickly, so we start bringing the grapes in from each field as soon as it's picked. If we're jammed up, and many days we are, we have a cold room here where we keep the grapes cold so that they don't sit in the sun.

Hicke: Are the vineyards separated?

D. Duckhorn: Yes, we keep the major vineyards separated all the way through the processing, and that's quite important to us.

We have done a relatively poor job at that, because there have been so many changes; it isn't like Bordeaux where the grapes are planted in the same vineyard year after year and you sort of know what's going on. We bounce around a little bit, we've got different vineyards in different time frames, so we have had a little bit of different blends of vintages. So we have a little bit of a problem maintaining real strict knowledge of each vineyard. We are starting that now with a new computer program and a new tracking program, so we're going to do much more of that in the future. As we get our own vineyards in, the stabilization of the grapes will make for more consistent sources. We've been consistent in the areas where we get the grapes, but not so much consistent with the particular vineyards.

As a result, today we probably are much more focused on small lot processing, vineyard separation, and ultimately what our blend consistency will be over time, by focusing on the vineyards.

Hicke: You expect to improve your wines? I mean, it's hard to believe!

D. Duckhorn: Well, no, no. Just to kind of fast-forward it a little, we can talk a little bit about the history of it, and Margaret will focus more on the marketing, but as we move today to a more sophisticated system, we are focusing on trellising, or so-called canopy management, which is all new and changing. That's not only the particular structure of the canopy, but the spacing of the vines. Do you remember when you're looking through a kaleidoscope and you just turn it a little bit, only the picture changes dramatically? There only has been a little bit of a turn in the Napa Valley in the last five years, but the picture has dramatically changed.

That is because we have had to abandon two old-time rootstocks; we had one clone, clone 3 of Merlot. Now we may have five or seven clones of Merlot, and five rootstocks. So the combinations now are twenty-five, not two. Clone 3 on St. George or clone 3 on AXR, we now have clone 3 plus clone, clone, clone, clone, clone, on now four or five different rootstock combinations, each site-specific. Now we're spending more time on how the rootstocks grow on the site, whereas before, we just put AXR in the ground if it were on the valley floor and St. George if it were on the hills or in the rocks.

So we now spend a lot more time on site-specificities, plus we are not getting into a monoculture, so a given

vineyard will have maybe four or five different rootstocks. We are working closely with [University of California at] Davis on Merlot. We hope to someday build a bank for the industry, which we will be more than proud to share, and it might not even be done in my time. We are working with Davis now on their two properties in the Napa Valley at Oakville Experimental Station, plus we've planted our own first lot this spring, and we plan on having them work with our existing blocks and all new blocks over the next, I would say twenty-five years, in which we will be making Merlot from all these different combinations and all these different terroirs, that is, the whole thing--the soil, climate, everything--and making the wines. We will not know anything for years.

Hicke: Are you keeping them all separate?

D. Duckhorn: We are starting to bottle them separately. Now we will be starting--we started this last year. We had to buy fourteen stainless steel tanks this year just to help participate in that program, which means that we have to ferment them separately, even though we'll be drawing off not the whole lot for the experiment to bottle, we will use the rest in our blends, but we will have to pull separately out of all these lots wines from all these different locations and clones and combinations.

We are not so much focusing on canopy management in this, although that's another whole area, and there will be that influence in it, but it will be primarily cloned rootstock combination in this soil series. Then we're trying to keep the canopy, that is, the spacing and the particular structure of the trellis system, about the same. We're not going to deviate too much on that. So that will be constant. We've got to have something in there that we can at least focus on. We seem to be pretty locked into it, the high-wire trellis system that is known today. There are several variations of it, but the one, the more standard one, is just a big, large V or U in which we get a little more canopy exposure to the filtered sunlight and aeration of the grapes.

Dramatic Changes

D. Duckhorn: So that is our whole focus today. These poor people that are starting today, I was just thinking when I look back,

and I thought--one of my friends, John Williams of Frog's Leap, bless his soul. I keep telling him that this thing is changing so dramatically. He goes, "Oh, Duck, every decade there's a new thing. Just think of--what if you had to go through Prohibition?" I said, "Oh, my god, you're right." "What if you had to go through a war, when they needed the alcohol for ammunition, and they had to grow grapes that could be shipped, because nobody was drinking any wine? Or what if you had to go through the phylloxera of the late 1800s?" That was the same thing, 1890s.

Hicke: If it's not one thing, it's another?

D. Duckhorn: Yes, but I keep telling him I don't know, this thing seems to be like a major revolution today, because not only is the market changing dramatically, but the whole basic structure of the vine and the clonal rootstock combinations are changing. At least in those early years, you pretty much were set as to what you were going to do. You head-trained the vine, and you went out and got some St. George and jumped over the fence and clipped off some cuttings from your neighbor's vines, and that was about it. It was pretty straightforward. We didn't have a nursery system like we have today.

And then we have some new diseases. Phylloxera is a thing that all your people that you will talk to through this series will tell you about, but it's not the real problem in the Napa Valley. It's one, but it's a problem we can solve, essentially. We just don't know what the ultimate wine is going to taste like as we go through the solution to more resistant rootstock. But what we do know is that we can solve it.

We cannot solve Pierce's disease. We have a terrible time solving Eutypa or Deadarm, and we have now a mystery disease in the Napa Valley that we don't even know what it is, and it's killing our vines. It was referred to by a recent wine writer as "black goo."

Hicke: What is that?

D. Duckhorn: Oh, it's a fungus that's getting into the wood. It's driving us nuts, and we can't figure out what it is. And it's pretty major. So today, those three things--Pierce, Eutypa, and the so-called black goo, and even a couple of other things--are much greater than phylloxera. Phylloxera we can solve. In fact, we are solving it.

Hicke: Yes, I've seen a lot of new vines.

D. Duckhorn: Phylloxera gave us a chance to replant. Phylloxera gave us a chance to explore, de-vigor the rootstock, which may improve the quality. Phylloxera gave us a chance to change our spacing and trellising systems, and phylloxera gave us a chance to match the varieties to the soil, which was not really done in the seventies. I mean, we just planted. If you had clay, you put Merlot in it, because it was an early maturing variety kind of a thing.

Hicke: I've read that you like your vines to be forced to suffer or whatever. Do you plant them then closer together than--

D. Duckhorn: All of us are doing about the same. Yes, if you plant them a little closer together--that might be--it's an age-old theory, to increase the number of leaves and stored carbohydrates per pound of fruit. In other words, you have less fruit per vine, but you have more vines out there, so you have more things working for you, so to speak, to develop the smaller number of clusters, like in Bordeaux.

But also, there might be some slight element of greed in increasing the production per acre, too, just by having more plants. I think an acre of ground should produce the same number of tons, regardless of how many plants you have out there. And we're working with that, too. We're working with some of these vineyards; we might be able to increase the production slightly. It's so costly now to produce a ton of grapes that every time we can make a little bit--look at what the wheat farmers have done over the years by their new strains of wheat and their new planting techniques, and using satellites to determine whether or not, and where, they should plant, and how they should plant.

We have the same, smaller-scale improvement in real technology, but our focus is quality. With these new rootstocks, we're up in the air a little bit. We're just not quite sure whether or not the rootstock will be adaptable to the soil and to the location where we're planting it to produce great quality wine, whereas AXR was pretty much a sure thing. And we're not sure that the total--not only the rootstock and the soil series, but the total match of the clone to the rootstock to the particular soil series and climate will produce great wine. We just won't know until we make it.

So we are out there, way out there. I keep saying this, and people won't believe me, but when you see all these

vineyards being planted in the Napa Valley, it's one gigantic experiment. You're looking around you at one of the great, multibillion-dollar experiments--million dollars, not quite billion--I don't know, maybe we're in the billions now. But it is a multi-hundred-million-dollar experiment going on out there, and it doesn't look like it.

And you probably won't notice it in the wines, but we'll notice it. We will be here in the labs tasting all these wines as they come off over the years, and hopefully, I'll be around to at least see some of it, but I won't see nearly all the real changes that are going to come by in another generation.

The 1980s, continued

Hicke: We need to go back to the 1980s. We've only gotten to a couple of vintages.

D. Duckhorn: So as the 1980s grew, we chose to not buy grapevines, not buy vineyards, we chose to still contract. We had good growing relations. We chose to pay good prices. And we chose to make wines that were the same style, to be consistent. We had now increased production, so that put more and more pressure on us to make sure we were consistent. We started one little deviation, which was the Sauvignon Blanc in 1982. Then we felt that the--you have to go back now fourteen years or so ago--that the market demanded a white wine. It asked for a white wine, so we thought it would be nice to make a Bordeaux wine. We thought we would just lean out, stick with the Bordeaux philosophy, and sort of stick our neck out with Sauvignon Blanc. It had been made, obviously, but not too much focus on it.

Hicke: And you had your neck already out with the Merlot.

D. Duckhorn: Yes, we already had our neck out in the eighties with Merlot, so we chose to stick it out a little farther and make Sauvignon Blanc. And we chose to make it in the Bordeaux style. We had both of us, Tom and I, gone to Bordeaux several times during that period to study Sauvignon Blanc and the white Graves, and we loved them. So we spent a lot of time understanding what they were doing, seeing what our California friends were doing, so we made a Sauvignon Blanc in 1982.

It poured well, was extremely popular. It still is today, but not quite as popular as it was in the late eighties and even the early nineties; it waned a little bit, relative to us. It's not doing poorly in the marketplace, it's got strength; but I think for us, we'll talk maybe a little bit of that toward the end, but it's a red wine era again for sure.

Hicke: It's a red wine era?

D. Duckhorn: Oh, for sure. For sure. There's no question. Chardonnay is still very strong, but it's a red wine--the Napa Valley's true wine is red, and certainly Chardonnay does very well here, but it really does its best down in Carneros, which is associated with almost a separate area, even though Carneros encompasses Sonoma. But that's where Chardonnay should be grown, and not much up-Valley. This is red wine country, and I think that's what it's coming to.

But Sauvignon Blanc does extremely well in this valley. We can make a rich wine that does very well with diverse foods. We make it in a very traditional style, again barrel fermented, barrel aged. It's got a lot of intensity, and it's done extremely well on the marketplace.

So in the eighties, we were focusing on growth, control, having that new product, Sauvignon Blanc, but letting the market tell us where to go.

Marketing and Distribution

Hicke: You started to tell me about the marketing.

D. Duckhorn: Yes. Let the market tell us where to go. So as we started out, we had the mailing list, distributed the wine via the mailing list, built that up very, very much, got a lot of requests, honored those requests, kept that as a strong basis. We didn't have tours or tastings; we were not allowed to do that here at the winery.

Hicke: Was that a conscious decision?

D. Duckhorn: Yes, because you have to put a left-hand turn lane and do a lot of things. No, we decided we weren't that kind of a property. We did not want people driving in off the street and just kind of looking around for something to do and have

a glass of wine, because we had a relatively higher priced wine, and we wanted people to come here because they really had heard about us. We didn't have a lot of wine to sell anyway during those early years, so we didn't need to do that. We wanted to focus on our friends and build our mailing list, and that's what we did.

Hicke: How long did it take you to sell that first--

D. Duckhorn: Oh, we sold that right away, immediately.

Hicke: Oh, you did? You had good friends! [laughs]

D. Duckhorn: Yes. Well, and we had a lot of friends that I guess felt obligated. [laughs] But it got tremendous press reviews immediately, right away, right away, and that's what helped us. The press really was generous to us in those first five years in the eighties.

Hicke: Oh, rightfully so.

D. Duckhorn: Extremely generous. So we focused on selling the wine direct. That is, we have no distributor in California. You'll probably be talking to Margaret a lot about this, and I think I'll stay away from some of that.

Hicke: Yes.

D. Duckhorn: Make sure that she gets in all those areas, though: how we sell the wine direct and all that. Let her focus on that, because she's been in it from day one. I will focus, though, on the philosophy that we chose, which is that we wanted to keep the margins up, and I think, and she'll bring it up too, we wanted to focus on brand equity. We felt that one of the most important parts of this business--everybody says, "Yeah, you can grow grapes, or you can do all this and this, but you must focus on marketing."

Well, marketing is only part of the real issue, which is brand equity. The most difficult thing to do in a business such as this is to preserve the integrity of the brand, and that is done by consistency of the product, uniqueness of the product, obviously a nice cork, nice bottle, nice building. As a friend of mine once said, you can't have a waterfall without water. I mean, if you're going to drive up to a winery, you better look like you're kind of a cool place--look like you know what you're doing.

Hicke: This building is beautiful, no doubt about that!

D. Duckhorn: The place is unique and it's clean and it's somewhat traditional, and people like to tour it because they get to see it, feel it, smell it, and you're not in a butler building, or you're not out with a ZIP code and somebody else is making it for you. We focused on the facility, the philosophy of being consistent; the packaging had to be somewhat stylistic, but traditional at some level. We focused on scarcity. We never let any one customer have a whole lot of wine. We focused on direct sale. We have no distributors in California; we have 400 accounts we sell to directly. Not only is that good financially, but it's much more important in that it protects the brand, because you know where it's going and you can control it, and half of our wine is sold in California, so you might as well control it.

We selected distributors in states that would be sympathetic with this philosophy, that would support it, that would only put the wine in great places, that would not discount it to a minimum, would not floor stack it, would not use it as a deal to get something else, would not deal with it, would not promote it. We never gave them enough to do it anyway.

Hicke: How did you determine that they agreed? How did you know who these distributors might be who fit your qualifications?

D. Duckhorn: Well, we would interview them. A lot of them came here; we had a unique situation. Many of them came to us. But by talking to our fellow wineries, we exchange that information quite readily as to who has what philosophy, as you probably know. Not only do we exchange information with respect to equipment and grapes, but we do exchange a lot of information on the marketplace. So we knew what distributor would handle our brand best.

And then we talked with that distributor about what our philosophy was, and that it was important that the distributor understood what we were really trying to do. We had to reinforce that with visits. We never gave any one account a lot of wine, although I think New York and Boston and a few others have inched their way into the--[laughing] because as our New York distributor says, "How in the world can you not sell a hell of a lot of wine in New York? You just have to!" I can't answer that. There's no answer to that question.

Hicke: Yes, that's right.

D. Duckhorn: So we sell in forty-five states by inching it around, sell in about ten countries or so, and as I say, a lot still by the mail. We still sell a lot by the mail, an extraordinary amount for the size of our operation, about 15 percent, which is a lot.

Hicke: Are those individuals or restaurants?

D. Duckhorn: Yes, individuals. We don't sell to any restaurants directly. In California we do, but I'm just talking about individuals, what we call our consumer sales.

Wine Service Co-Op

D. Duckhorn: Another event that happened in the Napa Valley, and bless his soul, Joseph Phelps, who was far-sighted enough to see that in his own operation, plus what was going on in the Napa Valley, that for us to store wine and ship it, not only in the United States but abroad, to export it, we had to do this cooperatively. So he formed the Wine Service Co-op in St. Helena, and that is 200,000 square feet, thirty-six member wineries, and we all love that place, because after our wine is bottled, it goes there for bottle aging and storage, and is shipped out of there. We never see it again or touch it again. It goes out. We bring some back here for our sales here at the winery, and of course, the rest goes out with this really magnificent system. It's the most efficient way for a bunch of wineries to ship their wine, consolidate it in trucks, and ship it all around the United States.

And it's very convenient for a winery like ourselves who does not have a distributor in California and a warehouse. We use that system to ship directly to all the restaurants and to the retail stores in California, and it's marvelous. All mail shipments in California are handled by another entity in Napa, and they do our shipping for us. We deliver it to them, but they do the packaging and shipping.

So that part of our business is relatively minimized, which is what it should be. We should be focusing on the customers, making sure it gets there in good shape, we demand that, and focusing on the vineyards and the winemaking. That mechanical part is left to the cooperative or others, and it helps us focus.

So as the eighties progressed, we kind of ratcheted up, listened to the market, and as the market demanded, we inched up the production--never to what the demand was, but we inched it up, and then the market would still say, "You're doing well." We inched the prices up; that still didn't slow the demand. Sometimes this is an inelastic demand curve: as you raise the price, the demand goes up. It's supposed to go down, but in some of our products we sell, when we raised prices a little bit, the demand went up, because people thought, Oh, either the prices may get higher, or it's better. Typical.

Hicke: That's the way it should be [laughs].

D. Duckhorn: Yes. Wouldn't that be nice, if we could just keep--? But we've always chosen to be conservative in our pricing, because we are consumers also, and we knew we didn't want to spoil the apple cart, because when you raise prices disproportionately, the whole brand suffers. Not just that product or that particular year. You have brand image damage. And our whole philosophy in this company is brand equity management. The brand is the almighty god we preserve and protect. The rest of us are mere mortals in this operation, and it's not because it has Duckhorn's name on it. That is irrelevant. It could be Washinski, it doesn't matter. But the brand itself and the quality that that brand is associated with, and the people and their philosophy, is the most sacrosanct in our company, and it can never be violated. That's the thing we spend a lot of time on. We have the biggest problem in that area, making sure that everybody understands that.

So we don't come out with a Gewürtztraminer, we don't produce a wine that is less than standard, we don't have ashtrays and T-shirts. Doesn't mean we won't some day, but at least so far we've stayed away from all of the promotional gimmicks. We don't have floor discounts; we don't even have a poster. We don't have tours and tastings at the winery, except by invitation only. We don't have any of the things--I hate to use the word trappings--but any of the things or trappings that are associated with having to market the product.

Hicke: You focus on the wine.

D. Duckhorn: We focus on the wine--the production, the quality, and the brand, and we don't join tastings in which we may not fit with other wineries. It doesn't mean they're better or worse; it just means we may not fit with them. Even though

we control California, we don't sell any wine to any discount houses in California, and Margaret will get into that a little more. So that's what I want to leave you with. We believe that is the most important part of our whole focusing.

So by locating the winery in a proven appellation, by making wine in a traditional style somewhat consistent, and having what we feel is a quality that will be marketable, we've protected the brand.

Financing the Growth

D. Duckhorn: As far as the structure of the company is concerned, in order to grow over the years, we had to have Bank of America, and bless their soul, they've been the best possible association we could ever have, because I was Carterized in 1981, in which the prime rate went to 22 percent, and we suddenly found ourselves in a very difficult position. So Bank of America, bless their soul, Andy Johnson, the manager here of the branch, said, "Dan, we have a program that's a wonderful program, and you should get in. It's an agricultural program. We'll give you the loan for 16 percent," and boy, when we were 2 over prime, which was 24, that was real good. So we went to B of A and we've been there ever since.

We formed a sub-chapter S corporation, which is a unique instrument that allows you to be taxed like a partnership but operated like a corporation, and that's what we still are. As we grew, we had to get more money, so my job in the financial side of it was to raise additional equity over the years to balance the equity with the growth, because you can't totally grow on debt, you have to have some equity to match it, to keep everything in balance. So we had probably six or seven different financings since day one, in which we've added layers of equity, until as of now, we have twenty-two shareholder families in the company, and the Duckhorns own 17 percent.

So we have been diluted over the years, because it just took a heck of a lot of money to get to where we are. We couldn't do it on our own. Margaret and I just did not have the resources to own 51 percent or more of the company. It hurts now that we don't. But I'm not unhappy. It's just I

would be happier, but I'm not unhappy, don't misunderstand me.

Along those lines, we formed a good association--

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D. Duckhorn: --shareholder group, by being expansive, enabled us to tap resources a little more readily, and we were able to over the last financing raise about--I think we raised a half a million dollars a couple of years ago, and that enabled us to make the next big step, which was to buy a vineyard. We had to become estate-oriented.

Hicke: Now, why?

D. Duckhorn: In the end, I believe that all great properties in the world are estate-oriented, at some level. They don't have to be 100 percent, because we'll never own Three Palms, we'll never own Vine Hill Ranch, Tony Truchard, all of these great spots. But by acquiring vineyards in fairly good blocks over the last five years, which has taken a tremendous amount of capital, we are able to slowly move to where we'll be 60 or 70 percent self-contained.

It's enabled us, one, to experiment with our own dollars, because we're into this experimental realm now. You must equate the two things. It's better to do it on your own land, because it's hard to have somebody else do it for you, unless you pay them a lot, because it doesn't work. So this enables us to work with Davis a little more carefully in our experimental program, and I guess it gives us control over our own destiny.

This valley is becoming tight now with respect to the source of grapes, and it is unbelievable with respect to Merlot. There was a time when I could have you come in my office, in the mid-eighties, and we could sit here and say, "Well, Dan, we need maybe ten or twenty more tons of Merlot," and I could go get it with a couple of phone calls. I can't get ten or twenty pounds today. I mean, it's unbelievable, the change.

Hicke: [laughs] Oh, my.

D. Duckhorn: That's both because of phylloxera and because of the demand for Merlot.

Hicke: And because of Duckhorn, I'm sure.

D. Duckhorn: Well, I think we helped, but I don't think we're alone. It took the others to come along. Remember, Louis Martini made the first Merlot that we can see, that we know, at least post-World War era, and then Chappellet [Winery] and Burgess [Cellars] took a stab at it a little bit, and then of course Sterling [Vineyards] jumped into the fray, Veeder Crest, but they were all making Merlot, varietal Merlots, so there was some out there. I guess we just got more notoriety for ours. It doesn't mean it was any better. I don't ever want to imply that.

But subsequent to us, the Merlots that were produced were equal--a lot of them, probably a lot better today. There are a lot of great Merlots. And that's what built it; it wouldn't have been done if people hadn't come into that varietal market and made that wine great, and worked hard on it, because they had some people out there that were doing it already and they had to catch up, or pass them; otherwise it would have never taken off. But what happened is they did, and they made great Merlots, and then it became a cult, and it is a cult today. There's a very strong cult following.

So the shareholder group over the years enabled us to ratchet the financing up, which was required to build the structure to make the increased production. So today we're at 40,000 cases, plus or minus, depends on the vintage, and we're locked into that amount. We have decided for brand equity to cap the winery somewhere around this production. Or if we do increase, it will be over a long period of time and be in much smaller incremental jumps than we did from the original 1,600 to the 40,000.

Hicke: Have you got more capacity in the winery?

D. Duckhorn: We are always under capacity. We're always catching up. Today even at 40,000 cases, no matter all of this new equipment and everything we put into it, we still have to go off-campus a little bit and have some of it made, because of the peak of the cycle. You just can't get all the grapes picked, and our philosophy is to never let the grapes sit out there. If they're ready, we get them in, I don't care where we have to put them. So, we always do a little bit of custom crush to just maintain our quality standards.

New Directions in Wines: the 1990s Innovations

D. Duckhorn: We have introduced one new product in 1989 subsequent to this Sauvignon Blanc, and that's the Howell Mountain [claret]. We wanted to go with an appellation wine, very traditional wine. The blend was not important; the location was supposed to be important. And unfortunately, we started out in 1989 at a very tannic year, very tough year to make wine off that mountain. And the wine wasn't greatly received. Now it's probably one of the best wines we've made, of course; seven years later or six years later it tastes wonderful. But at the time it came out, it was a very, very, strong tannic wine. We've softened it over the years, added more Merlot. And so we feel that that particular new product will do extremely well.

But I felt in order to energize everybody here and keep things active, and we had some excess grapes from up there, because the growers up there had done very well and they were starting to produce the vines, so we decided to make that appellation wine, not a varietal. I don't like to use the word Meritage because I don't know what that means. But it is a blend wine, traditional in Europe, from a location.

So today, the system is pretty straightforward. We are at a cap, we are at more or less a fixed amount. We have focused on some more modern equipment, which I think is necessary today: better pumps, air-driven pumps. We are handling the wine more gently. We haven't made a major, though, shift in our winemaking philosophy. The focus today in the nineties, I think, will be on some innovation, and I'll get to that in a second, maybe conclude with that--a little bit of the structure of the new wine.

But we have focused more on the nineties, which I think is demanding a wine that isn't quite as big and as rich and as tannic as that we made in those earlier years. I don't think the consumer today is demanding radicalism, but just a slow gentle shift to wines that they don't have to age and let their grandchildren enjoy them. They can drink them themselves within a reasonable period of time. So we're focusing on not only the vineyards, but in the production techniques through more gentle handling to make a wine that's a little more fruity and a little softer in character. Still we've got depth of color and some ageability, of course--can't have your cake and eat it too. You give on one and it gives up the other--you know, it's a teeter-totter. So you can't have both.

But you take away from one and add a little bit to the other, and that's what we've done over the last three or four years. Merlot does that anyway, but we have to even make it a little more gentle, so that's what we're working on.

Hicke: One thing I do need to get is more about your equipment, starting back at the beginning.

D. Duckhorn: We focused on brand-new barrels, Bordeaux barrels, and stainless steel tanks that were designed by Tom, although some of them were more or less standard, but he wanted some specifics in the tanks to give him--we pump over, we don't use extended maceration, they don't stay on the skins after fermentation for any big length of time. We pump over that until we get the extract. We gentle press, we don't press very hard, so we've got presses that give us those capabilities. And we don't heavy press the wines, we leave a lot of juice trapped in the skins, and we throw that away. We don't even bother with it, all in the winery. So we flush a lot of good stuff down the drain.

Hicke: This is recommendations by Tom and the other staff?

D. Duckhorn: Yes, all of us, the focus is on quality, not quantity. So all along the processing, in the field--especially within the field, because I think we don't spend enough time in the field on quantity reduction--so with this new trellising, new rootstock/clonal combinations, and narrower spacing, we have to still focus on keeping the production to a limited amount. Don't increase the production, unless you can assure yourself that it's going to improve the quality, or maintain the quality.

But focus in the winery on equipment, the gentleness of the treatment of it, so that you are not contaminating the wine, which is what his biggest--he wanted to be a pharmacist in his early days, so he's always focused on the chemical aspect of it and the technical aspects of the wine. So he's always wanted to make sure that the winery was clean and that the wines were clean, and that's what we focused on.

Hicke: Did he go to Davis?

D. Duckhorn: Yes, he went to Davis, and his experience also was at a couple small wineries; he was at Freemark Abbey and Franciscan, and so he had some real good experience by the time he came here. But he was relatively young, twenty-

eight years old or so when he first came here. So he's had to learn. He learned about the business here. He had some experience when he came here, but we started out so small he was able to grow with us, and I think has done a great job maintaining the consistency.

But he had the technical training, and he has an incredible palate, and I think that if there's anything that you need in this business, it is that palate. You have to be able to [taste and evaluate] at all stages of the production. You can't just come down and sit and taste the finished wine and say, "Oh, this is great." Anybody can do that. The hard part is to follow the wine all the way through and be able to taste it and make decisions along the way, and that's the key. That comes with a lot of experience, and that's what he's learned, and I think that's what he's done a great job at.

So we focused on getting great corks, relatively attractive bottles, nothing really fancy about our bottle; it's a good Bordeaux bottle. Very highly efficient equipment in so far as the bottling is concerned. All the wine is in barrels in chais, that is, low-ceilinged buildings. We definitely demand that the wine be traditionally barrelled like it is in France, in Bordeaux. We have only one tall building, that's a new one, because the county's asked us to do that. [See below for more explanation of building ordinances affecting the winery.]

Napa Valley Wines and Vines

D. Duckhorn: We've had a couple of disasters here, like somebody reading this someday or using this someday will say, "My god, they built that winery right in the floodplain," and yes, we did. So we built this big levee around it, and we sited it in, appropriately to the hundred-year flood [high-water mark] and said, "Well, we might get one of those in our lifetime, but we'll suffer through that." And we got one in 1986 and we said, "That's it," so we raised the levee again to a new mark--"Well, this is the five-hundred-year flood." In 1995, we had two five-hundred-year floods!

So what is the five-hundred-year flood or the hundred-year flood? Nobody knows. And even though we've done our damndest to protect this piece of property, we still got flooded again this year, the second time especially--the

first time was not so bad, hardly at all. The second time was bad.

Hicke: Damage?

D. Duckhorn: No, it's not major. We just clean up. It was just that our psyche was damaged more than the facility. We in fact were bottling, we ended up bottling the next day, the day after. We cleaned it up one day, and we were back bottling the next day. You wouldn't have noticed it except for some wet on the walls, some walnut shells around. So a little more repair on the levee, and we think we'll have that.

But I think for the future, I would look to a couple of things, and I think we're going to be probably at least in a small part involved. First thing, the Napa Valley has changed dramatically with respect to a focus from the early days after the war, in which the varieties were prolific, used for blends in jug wines primarily and a few varietals. Then [Frank] Schoonmaker started writing about varietals in his Almaden newsletter in the 1950s, and he became known as the father of varietal wines, and talked about, "You should try Almaden Cabernet Sauvignon." And by making that association of the brand and the variety, then varieties became dominant, and then of course, we focused in the Napa Valley on [grape] variety.

We eliminated for all practical purposes most of those early ones, which were called jug-type varieties or bulk varieties, Carignane, Palomino, Berger, all wines that were used. So we focused on the varietals. And then probably somewhere around the late eighties--well, actually a little earlier than that, even in the early eighties--there was some proprietary blending done, and so we began to develop wines that were unique in their own way, because they had this variety we were always talking about, but they had some different blend proportions. That would be Cane 5, Insignia, now Opus One, are all wines that were made with the nonvarietal as the focus, just the blend. But they could be the majority of a varietal. I mean, they could have qualified to become a varietal.

And I found that fascinating, and hence we did the Howell Mountain wine, and we thought that would be in that category. It's now getting a great following.

Hicke: You call that a claret, right?

D. Duckhorn: Yes. It is; technically, most of those wines are claret, but that associates with kind of a jug concept--Burgundy, Chablis, claret. Not maybe to those of us who understand the business. To a lot of people, you went down and got a--claret came in a big screw-cap [bottle] with a handle, right? You went down and got a bottle of claret--that's what it's called--or Burgundy, or pink Chablis or something, or a rosé. Those are long gone. The concept of claret is still in Europe, but here, it's difficult to catch on. I think Newton [Vineyard] is doing it--making a claret--and at a relatively high price.

We focused on making one of those, which we have now, and now somewhere around the late eighties, mid to late eighties, the beginning of the rumblings of what was called the Rhone Rangers, and the Italian varietals. Starting in the sixties, I guess, and probably more so in the seventies, when they were beginning to market Tignanello, Sassicaia, and a couple of others which are called super Tuscan wines in Italy, were blends of their base grape and Bordeaux grapes. That is, Sangiovese and Nebbiolo or others were--mainly Sangiovese--blended with Bordeaux grapes to produce a unique wine for the area, just to be different, [Piero] Antinori being one of the dominant spokespeople of that trend.

We started planting the Rhone varieties here, Syrah--not Petite Sirah--and then we started planting some Nebbiolo, Sangiovese, and a little bit of Viognier, the white grape. That's where the trend is today--to be innovative and to be a little imaginative, without straying too far from the base of Chardonnay-Cabernet.

Along with that, today Pinot Noir is becoming much more dominant than it was, because again, if you look at that wine, it's fresh, fruity, and if it's made well from a great area, there is nothing better to taste on many nights with a great boeuf bourguignonne. That's what it is. So there is sort of a resurgence there that is doing well, because some producers are producing some of the most spectacular Pinot Noirs.

Then, Zinfandel got taken out and/or used for White Zinfandel, so now all of a sudden it became relatively rare, and people started poking fun of it. Now you have to call it Red Zinfandel, which is an awful name. Zinfandel! It's not Red Zinfandel.

Hicke: Next we'll have to say red Cabernet.

D. Duckhorn: Yes, red Cabernet, a redundancy. So now, Zinfandel has seen a rise. Petite Sirah declined and then just sort of hit a stable area, and a few producers like Stag's Leap are doing a great job with it, but that's not really been a big variety.

We have thought in the last year or so, just to keep again using my philosophy of keeping everybody energetic, energized, we've purchased a piece of property on the Silverado Trail, and we are trying to again go to another area. We've gone from Merlot to Sauvignon Blanc to an appellation wine. There are very few total appellation wines made in this valley. They are either a proprietary name or Meritage or something, but they're just not named by the appellation. We named that one Howell Mountain.

Now we've moved to sort of a flip of the Italian trend from Tuscany. We're taking Zinfandel and Petite Sirah as the two home-based grapes, and adding the Bordeaux grapes into those. So we've just made our first blend of 1,000 cases from the '94 vintage, about, and it will be Zinfandel, Petite Sirah, and a lot of Cabernet Franc, Merlot, and a little bit of Cabernet. A totally different wine. It will be subject to some historian who can sit here and read this report some years from now, and it will then either be on the market or it won't be, it might be long gone, I don't know. But we are going to build a winery down there to make this wine, and that's our ultimate goal, if the market says that we've done that correctly. That will take three to five years to make this study, make the wines, get them sold.

Hicke: Are you going to have a separate label?

D. Duckhorn: Separate label, separate project--it will be wholly owned by this facility like a subsidiary, but it will be our real test to take this to the 1990s, in which the demand is two-fold. I'm not sure it's the X Generation, but let's call it a new wave of wine buyers, in which they want more current consumption, they like things that are new and innovative, and they're not faddy, per se, but they're more so than we probably give them credit for. But they want to try something that's unique and different and fits with what is known today as the Mediterranean cuisine, which is what we are inundated with.

There is not only lifestyle--healthy--but our whole biking-jogging-pasta--the restaurants, the life, the books, everything we read, the papers are full of it, health

messages are everywhere. We thought maybe not to be trendy or faddy, but just to do something different, and hopefully it will be long term. Sassicaia and Tignanello have been around for twenty years, the two Italian super Tuscans. We hope that we will be at least twenty years, and that's not the end; we're going to do it for life. So there is a lot of focus on this, and everybody is energized about it here.

Hicke: That sounds really exciting!

D. Duckhorn: That's what those bottles are, [looking at nearby table], and that's what everybody is tasting and looking at.

Hicke: What's it going to be called?

D. Duckhorn: We haven't got a name for it yet.

Hicke: How am I going to know it? [laughs]

D. Duckhorn: We won't know until another probably six months. We're looking at a lot of options. We tried to use the word alluvium, because it really tells us what we are. In tasting and in tests, it just didn't--it's too difficult; it either sounds like aluminum or it's hard to remember, and I know what an alluvial fan is, you know what alluvial fans are, but some people don't know what alluvium is, or the word. So we would love to get something like Zello, something that would bring back a name with a Z, because Zinfandel, because that's the base wine. We want to focus on the Zinfandel. We'd love to do something that would probably be along those lines.

I've never taken to the catchy type of business like Frog's Leap has done. I think it's wonderful what they've done. They're very close friends, and boy, they've got a great success story, using the catchy part of their name and their business for attraction.

We have always been very conservative, very traditional, very plodding in our ways, but we've always been a little bit imaginative, wherever we could take the thing [in a new direction]. Not only from day one with Merlot, but moving to Sauvignon Blanc and making it in a very strong style, and then going to the appellation wine, and now this next step is producing a wine that's totally different than anything else. And we love the taste of that wine; it's really fun to taste.

Hicke: That's certainly imaginative!

D. Duckhorn: I think it will match the food, too. We've been taking it home, and you've got to have pasta, and all the lighter spice--not so much spicy, but the lighter, fresher, olive oil and all the things that people are--or should be eating, probably.

But I'm bringing this all up only because, not for Duckhorn, but to show you that this business is not as staid as you might think it is. People are still sitting around and enjoying the fact that they can do something totally off the wall. You would not have been able to blend Zinfandel and Cabernet twenty years ago. You would have been booted out. But today, it's a different world we live in. People are more receptive to--if it tastes great--to something that reflects imagination and newness.

There are 2,000 Chardonnays and 2,000 Cabernet choices, and there's Chile, Bulgaria, Argentina, Australia; almost every state in the union produces wine. You have a lot of choices, so you have to do something that reflects what you are. In our foreign studies, Zinfandel is a very interesting grape. People like to taste it in Europe, because to them, it's California. Zinfandel is equated with [California]. And the trouble is, Zinfandel has been produced in this range of styles, from \$1.98 a five-gallon jug to \$25 a 750 [milliliter]. It's this wide range that has given it a little bit of confusion in the market. So by blending the Bordeaux grapes in it, we feel we will eliminate or reduce that stigma of Zinfandel as being a lower-priced wine.

Hicke: There's a Zinfandel Club in London or in Britain someplace, but it's not even completely devoted to Zinfandel.

D. Duckhorn: Yes. But that's the point. There is a focus in our foreign following that seems to like to go with the tradition, just like in Italy, and they blended the Cabernet and maybe Merlot now in some cases with Sangiovese, and they're getting a great following.

Vineyard Ownership in Napa Valley

Hicke: Just a couple more things. You said when we started you wanted to talk about the changes, and that's one thing. There are a lot of topics on the last page of the outline that we didn't get to, and maybe they're not relevant. The

other thing is that your community and professional activities.

D. Duckhorn: I think I've gone over most of the changes here. I don't think there is too much else that I would say about the Napa Valley, except I would say, though, that if you look at the statistics, there is a fairly large amount of the grapes now that are owned and/or controlled by wineries. A very large percentage, larger percentage than there was twenty years ago. There's a proliferation of brands, Napa Valley brands. Many of them you don't even see. I will travel to a city like Boston and go into a wine shop, and there will be five wines on their Napa Valley label shelf, and they won't be associated with necessarily some sub-brand of Beringer, for example, which can do all these little things on the side. It will be a brand. Somebody bought some grapes, made the wine either at their cellar at home or made it at somebody else's place, branded it, and sold it. And there's a lot of that.

Hicke: Plus you also said the growers are starting to make their own wines.

D. Duckhorn: Many of the growers are starting to make their own wines, yes. So those trends are in full force. You see, there was nothing like that on the landscape, although some people say that there were, in the 1920s, a tremendous number of wineries in the Napa Valley prior to Prohibition, lots of wineries, maybe over a hundred. That's something that you might look up in your records somewhere, but yes, there were a lot. And there certainly were almost the same number of acreage at some level, maybe 25,000 acres.

Hicke: In vineyards?

D. Duckhorn: Yes, in vineyards. Quite a number of brands--small brands. So today, we're back in a much greater trend than that, a tremendous number of small wineries. And they're popping up hourly. If somebody could get the real records--they're not categorized correctly by BATF--but if somebody could get the real records to find that out, I bet we would be astonished by the number; there would be over 225, 230, I'm sure. I just did sort of a rough count. It's tremendous--just Napa. Now, that's not unusual for Europe; according to their standards, that's not an unusual number, but that's unusual for us here.

That slowly tightens the availability of grapes in the free market. That's reflected by the price of bulk wine

today. A gallon of Merlot five years ago, if we had some for sale that didn't quite meet the specs but it was pretty nice left over from our normal processing year, when it was sold, would be three dollars or four dollars a gallon. It's trading now for twenty dollars a gallon, and it's amazing. If you have a gallon of Merlot for sale, it's snapped up.

So there is a tremendous shortage of that particular varietal, and some of the others are getting swept along with it. There's are some Cabernet trades now that are very high in the bulk wine market. So it's restrictive. Phylloxerated a little bit, but restrictive too. Have you got something else on your list that you wanted to ask about?

Hicke: Yes, your professional and industry activities--the Wine Institute and others.



Watercolor of Duckhorn Vineyards painted by David Huddleston, 1987.

IV PROFESSIONAL ACTIVITIES AND COMMUNITY SERVICE

Wine Institute

D. Duckhorn: The Institute. When I started out, I felt that you had to give back what you received. I was blessed by coming to the Napa Valley, I was blessed by being offered this opportunity with the Crocker family; it wasn't me, it was just an opportunity that came along. I felt that every one of us has an obligation to return as much knowledge as we can to stay competitive, stay vibrant, and to share and to participate. That's why I've been very active in the Wine Institute, or I was. I'm not so much any more, because when that Institute was going through its changes, I think they needed somebody in there to be a voice for the smaller wineries, and I was that voice, but now it's been taken over by a lot more smaller wineries. There are enough wineries in that organization to take that flag and carry it. But in those early days, there weren't too many around, so I felt somewhat obligated to do that, and I did that.

Napa Valley Vintners Association

D. Duckhorn: I felt always obligated to pursue the appellation Napa Valley. We are located here for a reason. Years ago, our forefathers in the winery, the people in this book [refers to *California Wine Pioneers*], put their stamp on this valley. They did it, and they did a lot of hard work, they did a lot of promoting. And if it weren't for them, we wouldn't be here today. So if you look at the pioneers in the Napa Valley who really got us started, we owe that to continue to the next people that are coming.

The only way we can do that is to act and band as a group under the Napa Valley Vintners Association, and maintain this flag and fly it. Because without it, we're dead--it doesn't really matter; we could make the best wine in the world.

So Napa Valley gets this great reputation, the people visit us, and understand it, and recognize us all, and we all act together. Because the competitive spirit keeps everybody trying to get a notch above. "Duckhorn is making an appellation wine, Washinski's making the better Petite Sirah--" everybody keeps notching up, so what happens is, is that--Washinski is a fictitious name--

Hicke: [laughs] I was going to go look him up.

D. Duckhorn: No, it's a fictitious name. So everybody is ratcheting upward, so the competition has forced the Napa Valley to produce on a collective basis some tremendous wine.

To make everybody aware of that, we have to act as a group to market them. So being actively involved in the Napa Valley Vintners Association, and the auction, which is a marketing gimmick--bad word--it is part marketing tool for the Napa Valley, but part community service by the proceeds going to the health centers. It's a two-fold aspect, and you have to be involved. That's extremely important.

Napa Valley School Foundation

D. Duckhorn: And I was involved in the public school foundation. I was president of the Napa Valley School Foundation, because we had children in school at that time, and I wanted to do my best to help out. I think it's now for the parents to carry that flag, but I got involved in that aspect also. I've been president of the Napa Valley Vintners and director of the auction one year. I've been president of the Wine Service Co-op, which is the thing I told you about which is again an organization I felt very strongly about, because it enables us to get the wine shipped continually around the world, and it keeps the trucks. I mean, if everybody had their own little warehouse, god, there would be trucks rumbling all around this damn valley, there would be more traffic, more chaos. It keeps it focused, and it keeps the energy down, the space down, and I think the co-op does a great job with that.

I have been peripherally involved in outside organizations, but Margaret has mainly been involved in the American Institute of Wine, Women for Wine Sense, and things like that, and you can get that from her.

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D. Duckhorn: I have mainly focused on the Napa Valley Vintners Association.

Tinsley Laboratories, since 1970

D. Duckhorn: I have one outside interest that keeps me sort of mentally stimulated, and that is I maintain my directorship and activity in a company called Tinsley Labs, which is in Richmond, and it is in the forefront of optics. It makes aspheric optics, which are used in lots of things, and it includes optics for microprocessors, which are used in making computer chips. It makes the tools that make television tubes, and it also corrected the Hubble lens, so we sent up the eyeglasses to make Hubble work. So I have to have something that goes back to my venture capital days, where I have my little bit of sanity outside of this world of wine.

I also feel strongly as an individual to promote the Napa Valley wherever I go. I'm happy about the progress of Duckhorn Vineyards, but I promote the Napa Valley more so, because that's what I think we all have to strive for.

Hicke: Is there anything else on this last page that you want to talk about?

Overview

D. Duckhorn: Margaret can talk to you about the label Decoy; she's got that down. She's done all that. We talked about changes in the industry, we went over the wines, we went over the grapes. The technology is just in the vineyard. The technology in the winery has only changed by just--as we talked about--a little bit, some of the electronics in the pumps, and some of the temperature controls of the tanks are a little more fine-tuned, and some of the systems in the

water purification plant and the air conditioning and systems in the buildings are much more modern.

I could take you out to our new well where we just drilled for our water purification plant, and that wouldn't have been conceivable twenty years ago. The water that comes into this winery now could be bottled and sold like Crystal Geyser; it's just incredible water, because we wash the barrels, wash the tanks, and the water has to be absolutely free of chemicals and contaminants. So that's probably where the biggest technology has been.

There hasn't been a tremendous amount of changes. Little tweaking here and there, but not so much in equipment. The technology, if anything, is probably going backwards, in that we're probably being more conservative in a lot of things we're doing, because now we're a little nervous with the field changing so much, we can't change too much in the winery. We've got to worry about the grapes now, and make sure that we can understand those changes before we start tweaking.

Although probably the biggest technological improvement is more tannin management inside. Once the grapes get here, we're trying to control the tannins more, and we're experimenting with the processes. We have no--if we did, I'd say it--we have no panacea for that, but we are working hard on controlling the tannins, but again to give to the nineties, which is the demand.

Hicke: Is your equipment computer--

D. Duckhorn: We have computer controlled inside, everything for all of our financial and documentation, but the production process is not computerized at all, and I've kind of been shying away from that. I feel that you have to touch the stuff. It's a food product and a living thing, so I feel you have to touch it, smell it, feel it, otherwise you lose it. If you don't get out there and sip it and sniff it, why, you could really lose exactly what this whole thing is about, which is hands-on and trying to understand the product.

I think that's it. We're pretty close.

Hicke: It's been a great interview, I really thank you very much. You've been very reflective and very informative.

D. Duckhorn: Oh, we did pretty well, we got three hours. Great, fine.

Hicke: Thanks a lot.

D. Duckhorn: Oh, thank you.

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V BACKGROUND

[Interview: July 19, 1995]##

Family and Childhood

Hicke: I'd just like to start this morning, if we could, by asking you when and where you were born.

M. Duckhorn: I was born on Governor's Island in New York City on July 11, 1939.

Hicke: You just had a birthday.

M. Duckhorn: I just had a birthday; I went over the hump. [laughter]

Hicke: It's all uphill from here!

M. Duckhorn: That's right; I agree totally.

Hicke: Did you grow up in that same area?

M. Duckhorn: No. My father was a career army dental officer for thirty years. Both he and my mother are native Californians, so by virtue of the fact that he was stationed back there, I ended up being born in New York. But we actually lived in many, many places throughout my lifetime. Since they were native Californians, one of his stints was back here when I was in junior high and high school, so I wanted to come back to the university, and ended up doing that.

Hicke: Let's not get there too fast. I want to ask about your parents and grandparents.

M. Duckhorn: Sure.

Hicke: Tell me their names, and what they were doing.

M. Duckhorn: Well, as I said, my dad was a career dental officer.

Hicke: What was his name?

M. Duckhorn: Clarence Elwin Sheets. My mother was Eleanor Armbrust, and she was born in Stockton. My dad was born in Oakland.

One sort of interesting piece of history: her [my mother's] grandfather, Henry Steinbacher, had a winery in Stockton in the 1800s. So she tells stories of when she was four or five, going out to visit the winery with her father and being given a little sip of wine in these little special glasses that they kept. I have one picture of him in front of the winery. But I don't know what happened to it, and I don't really have any history on it. I think he went out of business at some point.

Hicke: Would they have grown up drinking wine, or was that only that one occasion?

M. Duckhorn: At the table? You know, that was something I really never asked my mother. She tells about going out and tasting wine, but whether they had it on the table--I think wine was a part, but I don't think it was in the same tradition that you find with some of the Italian families. They were good German stock, but I really don't think that it was a daily kind of thing. Certainly for celebrations and things like that, they did.

Hicke: How about yourself?

M. Duckhorn: Myself, one of our stations in my dad's career was in Germany, and that's where I really remember being introduced to wine. I graduated from high school over there and had my first two years of college at the University of Maryland in Munich. So my exposure was to the Mosel wines of Germany. And of course, my family enjoyed wines, and living in Germany, my father would take the empty bottles out to the local winery and get them filled every week.

Then they used to have these traveling salesmen that would come through from France, and he'd buy red wine from them. But we certainly drank a lot of the local white wine.

Hicke: Were you in Garmisch?

M. Duckhorn: No, he was in Stuttgart, and that's where I was my first year. Then my two years of college, I was down in Munich, so I had a lot of opportunity to explore with drinking wine. [laughter]

Hicke: And beer?

M. Duckhorn: And beer, yes, although wine seemed to be better than beer for me.

Hicke: Well, not to detail your childhood from place to place: could you pick out one or two places that you lived that were memorable?

M. Duckhorn: Probably the most interesting was after the war, we were the first group of dependents that went into Japan. My dad had been stationed in the South Pacific, and so we went to Yokohama, and I lived there for eighteen months. That was a very significant experience, even though I wasn't very old; I was about seven and eight when I was there. Maybe even younger; I think I was second grade.

But Japan right after the war had a lot of poverty, and I can remember as a kid when we first moved into these quarters, we didn't have any curtains on the windows. The Japanese would come up to the window and watch us when we were eating, or when we were in the car, they'd come up to the window and push their faces up against the window. Many of them had sores, and they just were not very healthy-looking people at that time. So I remember a lot of that, part of it probably from seeing old films, but there were some very significant things that I remember about being over there then. And making me feel, I guess, very lucky for the situation that I was in.

My family was very close. Being in the military, I think you tend to be close as a family. So we had the opportunity to visit and travel a lot. My parents never left us. So when they went around Japan--and this was also true in Europe when we were stationed there--they took us on all the trips. So we got to see quite a bit.

Other than Japan and the European experience, most of it was in the United States. Most of our stations were on the West Coast, so I'm most familiar with that. It was very natural to come back to California and live.

Hicke: I don't know if we actually got to the other side of your family.

M. Duckhorn: The other side of the family? My father's family came from Des Moines, Iowa. I don't know a lot about his grandparents. His grandmother lived with his parents, and interestingly, his mother was one of those women who had her own business in the 1900s. She had a secretarial business that she ran in Oakland, so his grandmother took care of him a lot.

Hicke: Which family was it that lived in Des Moines?

M. Duckhorn: This was my father's side; yes, it was the Sheets side of the family. His father, my grandfather, was an accountant here in the Bay Area. But my dad has an older brother, and both of them went into dentistry. Dad went to UCSF [University of California at San Francisco] and graduated from there, and when he retired from the army, he went back and taught at UCSF for ten years. So he retired from there as a dental surgeon--he had taught dental surgery; that was his specialty.

College and Nurses Training

Hicke: How did you like moving around? Was that a problem?

M. Duckhorn: It was not a problem; I never thought of it as a problem. I think the most traumatic move was--and it was kind of a push-pull kind of thing--when I found out that between my junior and senior year we were going to go to Europe. I really wanted to go to Europe, but I really didn't want to leave my senior year at Mt. Diablo. But I went, and it worked out all right. Actually, my father had said that if I wanted to come back to go to the university when I graduated, I could. But I ended up liking living in Germany and the opportunity of staying over there, so I actually ended up staying the full three years that they were there, and then came back to UC Berkeley.

I needed one year to make up some courses that I needed to get into the nursing school at UCSF, so that's when I came to Berkeley in '59.

Hicke: This was an American school in Munich?

M. Duckhorn: Yes, it was; the University of Maryland had extensions all around the world for embassy and military kids. So it was probably like a junior college, but we were all military or

embassy dependents. I think there were about 200 of us in Munich. It was a great experience; we did a lot of things together. We went on a lot of trips together. I mean, I got to see things and do things that my parents didn't. I went into Prague, Czechoslovakia, and into East Germany and to Berlin; they never were able to do that.

Hicke: How did you decide to be a nurse, and when did you decide?

M. Duckhorn: Well, my mother was a nurse, so that probably had something to do with it. I don't know when I made the conscious decision. At one point in my life I had wanted to be a doctor, and then changed my mind on that. I was pretty focused. I had worked as a dental hygienist one summer and knew I didn't want to do that. I didn't have a lot of work experience because we were generally moving around, so that really wasn't part of the growing-up experience.

Hicke: Did you feel there were enough options open to women?

M. Duckhorn: We were always encouraged to have a career, and so my family was very strong on that, that we needed to have a career and we needed to finish our education before we thought about getting married. Now, we fought a lot about it, but-- [laughter] I knew that if they were going to pay for it, I was going to have to complete my education.

So actually, when I came back to UC Berkeley, that's when I met Dan. We waited three years, three and a half years, until I finished my nursing school over at UCSF before we got married.

Hicke: What years are we in now?

M. Duckhorn: I graduated from high school in '57, I came back to Berkeley in '59, fall of '59, and then I started UCSF in the fall of '60, and graduated June of '63. My class was one of the last classes to get--besides your registered nurse's certificate, we got a public health nursing certificate and school health credential. So it allowed me to become to a public health nurse and to work in a school environment as a school nurse.

Marriage and Early Work Experiences

M. Duckhorn: When I graduated, I went to Berkeley to the Berkeley Health Department and worked there for one year in public health, and part of that experience was being a community public health nurse and having a school that was under my purview. So I was the school nurse at--I think it was Jefferson Elementary School in Berkeley.

Of course, all this was pre-drug scene, and so I felt very comfortable in that environment and never had any qualms about being a public health nurse. I don't know; it would have been a lot different if I had gone through two or three years later, when Berkeley was in the throes of all the scene.

Hicke: And now, I guess the increase in crime is a problem.

M. Duckhorn: Oh, yes. It's very different.

Hicke: And when did you get married?

M. Duckhorn: We got married in December of '63. We didn't waste any time once I graduated, [laughs] much to my mother's chagrin, because my father retired that year. They had moved out; they didn't even have a house at that point. He had retired in October, and they had been stationed in West Point. They moved out and they were living with my aunt and uncle while they were getting a house.

Hicke: And you were getting married.

M. Duckhorn: And I was getting married, so she was--[laughs] she was feeling very under the gun.

Hicke: Where did you live when you got married? Dan was in San Francisco.

M. Duckhorn: He was working in San Francisco. We lived in Oakland for a year. We had an apartment right in Oakland not too far from Piedmont, and he'd take the bus every day. Then we didn't waste any time having children, so Kellie came along in October of '64.

Hicke: And then your other children?

M. Duckhorn: We have a son who was born--oh, you're going to test me now--he was born March 31 of '66.

Hicke: And what's his name?

M. Duckhorn: That's John. And then David, our youngest, was born June 30 of '67. Kellie was October 16 of '64.

Once the children started coming along, it was difficult for me to continue working. And at the time, it was not part of the culture to be a working mom.

Hicke: Child care would have been difficult, no doubt.

M. Duckhorn: Well, I probably could have done it with my mother, but it was probably better that I stayed home. Anyway, I wanted to stay home, and Dan wanted me to stay home, so that was fine. So I was a homemaker for the next ten years or so, once the children started coming.

We moved at that point, once John was born; we moved to Piedmont, and we were there for eight years. That was prior to our coming up here.

Hicke: Let me ask you about how you decided to move up here.

M. Duckhorn: Moving up here was really not so much a conscious decision as being sort of pulled. We were all ready to buy a house in Piedmont, and I was very happy with the schools there, so I was not very happy about moving up here. But Dan probably told you yesterday that he had been involved with a venture capital company managing a small business portfolio, and one of the companies was involved with grafting grapevines and managing vineyards. It really began to take off in the early seventies. He had been commuting up here, actually, to oversee some of the company's operations. Mr. Crocker asked him to come up and actually run the companies on a day-to-day basis.

So Dan said, "You know, I think you ought to be looking up in St. Helena for a house instead of in Piedmont," and I said, "Oh, you're going to just put me out in some podunk town, and then two years later, you're going to be coming back working in San Francisco, and I'm going to get stuck in the never-neverland."

But we looked, and we found a house, and we moved in August of '73 up here. As it turned out, he did end up going back to the city and commuting that way for a few years. But by that time I was very entrenched up here. I really enjoyed living up here. It was not a podunk town; there were many people who had moved to this area who had

similar values and goals as far as education. And I must say that I was very, very impressed with the elementary school when we moved up here. Because I had been involved in the schools in Piedmont.

Hicke: Was it a friendly community?

M. Duckhorn: Yes. Well, there were kind of two groups of people. There were the real old-timers who had been here forever, like my daughter-in-law is fifth generation St. Helenan. So there was that group of people. And then it seemed like there had been a real migration in the fall of '72 and early '73 for a variety of reasons. There were people who had moved to this area looking for a more rural way of life for their families. So it was that group that we became friends with, and our children have all grown up together and gone to school together, and many of them are now in the wine business; so we have this second generation of kids in the wine business that are all in their late twenties, early thirties, which is really nice, because they've all grown up together.

And I have to say that Dan moved around a lot as a youngster, as did I, and so the appeal of living in one place was very much a draw. And we really established roots here. It's a beautiful place to live; I'm very happy. I've never looked back. I've never wished to be back in the Bay Area. I am very happy that we came up here when we did. We have enjoyed it.

Hicke: That's the way it should be.

M. Duckhorn: Yes. It's a wonderful place; it was a great place to raise kids.

Hicke: You got involved in nursing when you first moved up here?

M. Duckhorn: Right, I did. I enjoyed having a home of my own for the first time, and being at home with all the kids at school, but I think the second or third year that I was here, and I had been involved in the schools, the school nurse was in an automobile accident. The principal knew that I had been a nurse, and he said, "Won't you come and help out for three weeks while she is on sick leave?" So three weeks turned into two months at the end of the school year.

What it did is it showed me that I could manage a household and have a job. When we did get started with the winery in '76, I wasn't doing school nursing at that point;

I actually went back to work at the health department here, and worked for the health department for a year and a half, and then got drawn back into school nursing at a later point, and was the school nurse for all of the up-Valley schools. There were eight of them that I used to rotate between over the week.

So I did that for a couple of years until we really started selling wine and I needed to be involved. I had to make a choice, is really what it was. I couldn't split my allegiances between the school nursing and the winery. There were too many things I wanted to do at the winery, and we were beginning to do market trips and that sort of thing, and it was difficult to take time off from school.

VI DUCKHORN VINEYARDS

Starting Up

Hicke: Let's go back to starting the winery. How did you feel about that?

M. Duckhorn: Okay. I don't know that I thought too much about it other than as helping out. Here I was "free," so to speak. [laughs] You know, this is what really happens, I think, in family businesses. You get drawn in because you need assistance to do something, and Dan obviously needed to have a job where we could put food on the table and pay our bills, and his best opportunity was to work in San Francisco. That's when he was doing the consulting with Heublein.

Meanwhile, we had decided to go forward with the winery, and we were winding down from the other companies--the nursery company and the vineyard management company, so it was a matter of filling out forms and talking to county officials and meeting with the BATF officials, and answering the phone occasionally. So our winemaker--let me back up a little bit.

Tom was not involved at that time. Tom is our winemaker. We had another gentleman that we had hired who was involved with the vineyard operation that was supposedly going to be the winemaker in our new venture, so the three of us sort of were working together setting up the groundwork for the winery. This was between '76 and '78; we really hadn't crushed anything at that point. We were just getting ready. Then the gentleman that was going to be the winemaker had some family illness, so he was drawn back into his father's business, and that's when we hired Tom, in August of '78, which was just prior to our first harvest.

- Hicke: Dan said you carried almost the whole burden of the winery for some time.
- M. Duckhorn: For a couple of years, but we weren't selling wine at that point. We crushed in '78 and '79, and certainly Tom and I did all the berry sampling. I helped him clean out the presses and things like that. We had one gentleman, a Japanese fellow who has passed away now, but he had been with Dan in the prior company, and between the three of us, Tom and Jerry and myself, we were the company from probably '78 until we started selling wine in '80.
- Hicke: What did you do about buying equipment? How did you--
- M. Duckhorn: That was all done--we had a consultant that was helping us at that point setting it up.
- Hicke: Who was that?
- M. Duckhorn: Phil Baxter, who was up at Rutherford Hill, was helping us a little bit. And he's actually one of the ones that referred Tom to us. Ric Forman was a friend, so he gave us a little input, and actually he's probably the one who was most instrumental in steering us in the Merlot direction, because he and Dan had visited Bordeaux in I believe the spring of '78, prior to our first harvest. They went to Pomerol and visited a lot of wineries. We had done a big tasting up at Sterling where we tasted all the Merlots Ric had ever made, and we enjoyed it as a grape variety, and I think that's what got Dan thinking in that mode, that that's what we wanted to make, at least a Merlot and then a Cabernet.
- Hicke: How did you develop your palate, your tasting ability?
- M. Duckhorn: I really give Dan credit for that. When we moved up here in '73--as you might have garnered from your interview with him, when he gets into something, he gets into it in a big way and is totally committed. He researches everything, reads a lot. So part of this was tasting everything. We began tasting everything at that point. It seemed like we were always tasting, always comparing wines and that sort of thing. I think that's where we began to develop a palate for different wines.
- Hicke: Did you take notes when you'd taste?
- M. Duckhorn: I wish I could say I did. I do now; I didn't then. Because I was only half involved, but I always liked to cook, and I do think that there's a real development of the senses if

you like to cook. That was always something that I enjoyed doing. So tasting wine was a natural progression, and I think once you begin seriously tasting wine and concentrating, I think then your senses develop and you begin to remember things.

We had some great wines. I mean, we used to drink a lot of BV '68 with spaghetti and pizza and things like that, [laughter] but it was great wine.

Hicke: I didn't really finish asking about equipment. Did you buy secondhand equipment?

M. Duckhorn: No, no. When we decided to do the winery, we formed a corporation. We had ten families, and they each put up so much money. We went all out, because I think of the trip to France and visiting the first growths [French wine estates], and Ric was very much pointed in the direction of good equipment, good barrels, that sort of thing. I think Dan felt--I think this was part of his Germanic background that came out--that he wanted new equipment, so we ordered brand-new barrels.

One of the people that he met in Bordeaux when he was there was Jean-Jacques Nadalie, who has a cooperage. I think he's a third-generation cooper over there. They became friends, so we bought barrels from him and three little stainless steel tanks. That's really all you needed. Well, the press was new. I don't think we bought anything secondhand. It was all brand-new.

Hicke: And you did all your first crush here?

M. Duckhorn: Yes. We did it all here. We had a basket press that we used for the first couple of years. There are wonderful pictures of Tom cranking this thing around. [laughs]

Hicke: I want to get one or two of those to include in the volume.

M. Duckhorn: I mean, because Tom--Tom is a whole other trip. When he rode into the winery, he was on a motorcycle, he had long hair. Tom is a great guy. He wanted to be a pharmacist, and so he has a very strong chemistry background. But he's also Italian, Rinaldi is Italian. He comes from a San Francisco family that's Italian, so wine, I think, runs in his veins. He has this wonderful nose that I say is his best winemaking asset, because he can smell things in wine that a lot of us can't.

So Tom rolls in, he looks like a flower child.

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M. Duckhorn: Tom rolls in on his motorcycle looking like a flower child, and we're thinking, What did we get ourselves into with this winemaker? But he really had very good credentials. He was a Davis graduate, and he was the graduate that had been chosen by Freemark Abbey to come and be a winemaker there for a year. I guess they had this winemaking program where they would take one Davis graduate and have them work for a year for them. And he'd worked at several other wineries in the Valley that had good credentials.

He came with strong credentials, so we had to get beyond the flower child look. [laughs]

Hicke: It worked out well.

M. Duckhorn: It worked out very well. I don't remember where we were.

Hicke: We were talking about the first crush. And you had talked about the equipment that you had.

M. Duckhorn: We had a basket press, and the three stainless steel tanks, and new French barrels. The Upton brothers, who own Three Palms Vineyards, are very good friends of ours. They were also good friends of Ric Forman's, and Ric was the winemaker at Sterling at that point. He had been using their Merlot in his reserve Cabernet, and he said, "You know, I really don't need all of the Merlot, so why don't you talk to the Uptons about buying some of the Merlot for use at the winery?" So we did that.

That was, I think, the beginning of getting good fruit for us, we started out by not having a vineyard and planting, it was easier for us to buy fruit, because Dan, being involved in the nursery and the vineyard management end of it, knew who had good fruit. He had tasted a lot of the wines that had come from various vineyards. So he was able to go out and get a few tons from these people.

So the Cabernet came, part of it from Howell Mountain and part of it from the Stag's Leap area that first year. We proceeded along that line for many, many years, buying fruit because we wanted to see whether we could sell the wine, whether it would be accepted, before we got into the vineyard end of it. Well, it was a good way, but when you see what we're having to pay for vineyards today and what we

could have gotten them for then, it would have been maybe better to do it the other way around. But that's in the past.

Building the Winery

Hicke: Well, I want to hear about building the winery. I don't know when this beautiful winery that we're sitting in right now was built. That wasn't what you had at first.

M. Duckhorn: No, it wasn't. We had, as I said, the old grafting shed had been insulated, and that's what became the first barrel room. We had three little stainless-steel tanks out on a concrete pad, and that was the winery for '78 and '79.

Then in '80, we began building a series of buildings. Dan had been enthralled with the concept of the barrel chais in Bordeaux, which basically are just very low buildings that house barrels. We wanted to only go two barrels high initially with the barrel stacks, so the initial buildings were built to hold two barrels high. They were small buildings.

And sort of an interesting economic side of it is that if the barrel rooms were used only for housing barrels, then they were looked at as a piece of equipment, so you depreciated them differently than buildings where you did other winery functions. So we started out with two small barrel chais, and then we built the stainless steel tank pad where we put some various-sized stainless-steel tanks, because we were getting different-sized lots from the various vineyards. That then became the winery in '80.

Then over the next three years, we added buildings. I think we've had three sort of major expansions of the winery over the years.

Hicke: Did you have an architect design it?

M. Duckhorn: Yes. John Lail did the initial concept, and then John Armstrong did the second phase of it. But the original concept was really Dan's. He liked the buildings that he saw at [Chateau] Pétrus. [laughs] But he also had a lot of French winery books out. He liked the stone concept, so using stucco with the old stone, and the old stone that's on

the windows in the front of the winery all came from Chuck Carpy's (of Freemark Abbey) property.

Hicke: You mean the window surrounds?

M. Duckhorn: Yes. Chuck Carpy had a property that they were dismantling, so we got the stone from there.

Hicke: Well, that is really attractive.

M. Duckhorn: So we got that stone and used that. So I think Dan actually gets credit for the concept of the building.

Hicke: Tell me about the expansions.

M. Duckhorn: The expansions came in phases. We began selling wine in '80; the spring of '80 was our first release of wine, and that was the Three Palms Merlot. There were not very many Merlots on the market, and we were one of those, in retrospect, privileged wineries. I think there were thirty wineries in Napa Valley at that time. So when you start that young--and it was sort of the beginning of the swell of interest in California wines. Mondavi was doing a lot of espousing the greatness of Napa Valley wines at that point, and was encouraging people to try Napa Valley wines. There were maybe a dozen wineries that were beginning to get recognition.

So we were in that new wave of wineries that were beginning to get some focus. And probably because we did Merlot, we got a little more focus. And then I always give credit to the fact that our label with the Duck on it happened to hit a fad that was just beginning on the East Coast. Somebody had developed what they called *The Preppy Handbook*, and ducks were the logo. Having a duck on the label with a name like Duckhorn helped cement in the consumer's mind our label.

And it was before the wave of cats and pigs and all the rest of those animals, frogs, which are popular today. So having a duck made a little memory crutch for people that might have tasted the wine.

Hicke: I guess you scratched your heads a little bit about the name of the winery.

M. Duckhorn: Absolutely. It was like naming your first child. It was really hard, because our corporate name was St. Helena Wine Company. We realized that that was going to be too big a

handle to put on a bottle, that nobody was going to remember--"I want a bottle of that St. Helena Wine Company." Plus it made it sound like it was a huge winery, and we had all of 1,600 cases. It sounded like Gallo.

So we decided that we needed to do something else, and one of our shareholders happened to have been in the graphic design business and advertising business, so he did a lot of research. We went through all the French names, we went through all the location names, and he actually came up with the idea of using the duck, and found this French lithograph of a mallard duck that he put on the label. That was the original label. We really have not changed it much. We added a little color to the original label before we released it, and that was it. It's been the same ever since.

But I think that helped launch us. Back to your question of expansions: as our wine became known and we got the pull from consumers to make more, then we began to increase our production. We ratcheted it up about every three to four years. It went up a little bit more as demand increased. We didn't make any huge jumps. I think our biggest jump has come in the last few years, and it started not from our side but Mother Nature provided us with a very healthy crop in 1989, and we had to deal with that. So once we found out that that was absorbed into the market and they still wanted more, then we edged it up slowly from there. So the buildings have sort of occurred because of that.

Eighty is when we started construction, and I think we completed the first series in '83. We did another expansion in '86, and another one a couple of years later, and then we just recently have completed our last expansion for winery buildings this last fall.

Hicke: You were just telling me you had to change your design on that one.

M. Duckhorn: We did, on that one, because part of our property is in the floodway, because we border the Napa River. And even though it looks very innocuous right now, it can get to be very high when we have flash flooding in the Napa Valley. So we have a levee there, but still some of the buildings are in the floodway. So we had a footprint that was left of some buildings that we had removed, because I guess the county ordinances that if something existed in the floodway before they established the floodway, then you can replace it.

Hicke: Sort of a grandfather clause?

M. Duckhorn: I believe so. So the footprint that we had left in which to build only allowed us to go up to get the barrel storage that we needed, so we have a more modern facility. But things have improved, too, and some of the adverse effects of going high with barrels have been mitigated with these new humidifying systems and temperature control, so that the barrels at the top are kept at the same temperature control as the ones on the bottom, and that sort of thing.

Hicke: In the older chais, you don't have temperature control?

M. Duckhorn: They are all air-conditioned, but they don't have their own misting systems for humidifying. We rotate our humidifier through the cellars to keep the humidity up.

Hicke: But with this new building, you--

M. Duckhorn: It's all automatic, and all the barrels are on racks. They're not stacked in the traditional method.

Focus on Merlot

Hicke: I want to ask you--we're moving around here--but how did you feel about starting with Merlot, since there was virtually no demand for it, and it was used mainly for blending?

M. Duckhorn: I don't think we gave a whole lot of thought to it. We liked Merlot, so we made Merlot. We made Cabernet, and--I mean, a lot of the marketing sense, I think, came from Dan in the beginning. I can remember Tom coming to us one evening and saying, "I think we should blend everything together." He wanted to blend all the Cabernet and the Merlot together, and Dan said, "No, I don't think we want to do that. I think we still want to come out--" Tom was looking at it also from an economical standpoint, because we only had 1,600 cases total, and it was going to be 800 cases of Merlot and 800 cases of Cabernet, and he was thinking, well, if you made one wine, then you'd have 1,600 cases.

But Dan felt pretty strongly that he wanted to have two wines, so we kept it that way. But I don't know that we gave it a whole lot of thought. In retrospect, it was probably a lucky move, when you look at the market today and the demand for Merlot, but we liked it as a variety. There

were maybe five or six that were being made in the valley at the time and we liked those wines.

Hicke: Don't you think your success, the success of the Duckhorn Merlot, has something to do with the increase in the demand for Merlot?

M. Duckhorn: Today--I don't know.

Hicke: It sort of created the demand?

M. Duckhorn: Possibly. I don't know that that's so true as I would say that demand for Merlot, I think, has come about because I really think we've had sort of a change in our business in the last few years. We were going into a white wine cycle, we were going into a decreased total alcohol consumption cycle. Prohibition comes in waves, and we were in a down wave. When we got the "60 Minutes" show that talked about the French Paradox, I think it got the attention of a lot of wine consumers in the United States, and because the emphasis was on red wine, people who had been white-wine drinkers were now beginning to look at red wines.

A lot of people didn't like Cabernet because they felt it was too strong, the tannins were too big. Merlot has always been a little softer structure than Cabernet. So here was a perfect middle point, where they could drink a red wine that was Cabernet-like in its characteristics, but it didn't have its strong characteristics, so you could drink it a little earlier than you could Cabernet, the tannins were softer. And I think that's really what has motivated the Merlot revolution in the last few years.

I think we were very lucky, because prior to this surge in Merlot demand, we've had a niche in the market for Merlot, and we were one of the only ones that have consistently made it since the mid-seventies. So I think that gave us an edge.

Hicke: But also, I think--I don't know for sure, but I think that your wine was doing well even before this came along.

M. Duckhorn: Oh, it was. No, no, it absolutely was. We have enjoyed for all of the years that we've been making wine a tremendous demand for our wine. I don't know how that comes about. I think there are several things. I think we were lucky when we started that we picked a wonderful vintage to start with. Of course, that was very fortuitous. Dan likes to say that

you could have made wine out of walnuts in that year.
[laughter]

But we started at a time when there weren't a lot of wineries. We've been very consistent in our winemaking style. We have put a lot of focus always from day one on the quality of our wines. We have never slacked on the equipment that we've used, we've never slacked on how we bring the grapes into this winery. Dan has done almost all of the berry sampling, and myself, and then in subsequent years, our daughter and Alex Ryan, who works with Dan, have been the people that have tasted the fruit to determine when we're going to bring the fruit in. We have hauled every grape into this winery. And Tom Rinaldi has made every wine in this winery.

So we have consistency, and we have quality, and we have good equipment, and we have good vineyards, and we have good fruit. Now, there is vintage variation, but I think that has helped us to maintain really a standard that consumers recognize.

Dan talks a lot about brand equity, and I think brand equity is built and enhanced by consistency and high quality. Those are two things that we focus on very strongly in this winery.

Responsibilities on the Distaff Side: Personnel and Marketing

Hicke: Let me ask about your part in the winery. When did you start feeling the need to be more--well, you were very involved the first few years.

M. Duckhorn: I have always been involved, but I came back and actually began to get a paycheck in 1985.

Hicke: [laughs] That's a significant step.

M. Duckhorn: It's significant. I spent nine years with part-time involvement. So '85 is when I came back full time and began to be involved--well, doing a lot of things. I don't think I ever had a hat that said what I do, or a title, until--I don't know, maybe seven or eight years ago. But you get drawn in and you do a lot of things. I was doing administration, a lot of the marketing and sales, although I

have to say Dan did a lot of the initial marketing and sales. I couldn't go on the road as much with having the family, so it really wasn't until they were all out of high school and away at college before I started traveling and getting involved on the marketing side.

Hicke: He didn't really talk much about that, so maybe you could just tell me how that evolved, the first need to start traveling. When did you start talking to people? Just tell me how it started.

M. Duckhorn: From the beginning, I think this kind of evolved out of his consultation with Heublein, where he got a lot of exposure to what the wine business was all about, and all the different size wineries. They were doing a lot of structuring and modeling of wineries. If you started from scratch, what did it take to get to here? Et cetera. So he had a real sense of what the market was like, what was out there, distribution, that sort of thing.

So from the beginning, he wanted to be in national markets. He likes to say that we picked all the NFL cities to start with. [laughs] Which is true. I mean, why reinvent a marketing concept? So New York and Boston were our first primary out-of-state markets. We always were direct to consumers. We started out by collecting everybody's Christmas mailing list. We had a newsletter the first year that said we had wine available for sale, and we wrote a nice little letter signed by Dan and myself that said, "We're releasing our first wine, a 1978 Three Palms Merlot, and it's going to cost this much," et cetera, and we sent that to everybody.

Hicke: How much did it cost, do you recall?

M. Duckhorn: Yes. We started at twelve dollars, which was a very aggressive pricing strategy. But again, that was Dan's decision. He felt that if we were going to make a statement and be competitive with Cabernets, we had to be right up there and get people's attention. And then because he'd been spending a lot of time in San Francisco, he obviously had eaten at a lot of different restaurants there, and so I drafted letters to a lot of these restaurants and said, "We're releasing our first wine, would you like to try it?"

They didn't have tastings in those days like we do today. They didn't do winemaker dinners in those days. I must say that merchants were more merchants in those days. They came up to Napa Valley and they went and sought the

little wineries out. So many of our initial distributors out-of-state were people that were coming to California to see what was happening on the California scene. They'd hear about a small winery that would be starting, and they would come by and they'd knock on your door, and they'd say, "Tell me about your winery." So you'd take them through a little bit and give them a bottle of wine, and that's how it started in those days.

Many of our distributors go back to the eighties; we've had the same ones. The profile really was small family distributors. They've grown; some of them have gotten very big. So the relationships change. But many of them are still family-owned and we still have very strong relationships with them.

Once we got into the marketing, I think again we began to feel that it had to be a personal business. So we've spent a lot of time one-on-one. Dan and I have gone to all the tastings. This is less so today than it was up until maybe four or five years ago. But it would be one of us or both of us that would go to all of the tastings, do all of the winemaker dinners. We have always sold our wine direct in California to the retailers and restaurateurs.

Hicke: Why did you decide to do that?

M. Duckhorn: Well, there's an economic point to it, but the main reason we did it was because we wanted to have the relationship with the account. We felt that it was important that if they were out of something, or if they had a problem with something, or if they needed information about something, or if the shipment didn't come to them the way they wanted it, they could call us and they'd get a real person who could answer that question.

Hicke: Sort of fits in with your hands-on winemaking philosophy.

M. Duckhorn: Right. So we've been hands-on. And that's worked well. Dan used to keep track of everything with these spreadsheets that got so big that finally we decided that maybe it could be computerized and it might be a little easier. So we hired a fellow who developed a system for us so that we can track each of our accounts in California as to what they're allocated. We've been allocating wine since the beginning, because we've never had enough, so we've always spread the wine around. No one account got a tremendous amount of wine.

So we would send out these letters that would say, "You'll get three to five cases of whatever wine, and please let us know if you're interested." Then we'd have to keep track of when it was shipped and that sort of thing. And if somebody didn't take it, then we would reallocate it to somebody who wanted more. We've always kept these lists of who wanted more or who didn't use as much.

That's the way we've done business all along, and this computer system has enabled us now to track it so that if ABC account calls in, we can pull him up on the screen, we know what he's ordered for the last umpteen years, and if he's taken it all, or if he hasn't, or if he's increased his allocation or decreased it, and what his payment schedule is. So we're able to keep track of our accounts that way.

The economic side of it, though, is that in California as a winery, we are the wholesaler, so we also get that wholesaler's margin, that extra margin, along with being able to sell directly to consumers. We have at this point about 10 percent of our production that goes direct to the consumer, which is our highest average FOB. Those dollars allow us to continue to buy our barrels, which are not inexpensive, and we buy a third to a half brand-new barrels every year, all French oak, and all chateau barrels.

Hicke: They're about \$500 apiece or something like that?

M. Duckhorn: Yes, \$500 or \$600 apiece. Plus we've always bought fruit, and we felt that to get the best quality fruit, we had to pay our growers very well, so we have done that. We work with our growers, and many times in a high-crop year, we will induce the grower to pull his shears out of his back pocket and drop crop by paying him a little more. Those kinds of things, viticultural practices, make the quality better. And then in recent years, it's helping us to acquire vineyards to secure our long-run supply of fruit.

So we want to maintain that. Now we have more people involved; obviously Dan and I cannot do all of it anymore. As you grow as a company, you have more wine for sale, and as you grow with distributors, the administrative and the regulatory paperwork that you have to work with every day just gets to be almost insurmountable. So you get more people, and then you have more personnel to manage.

So right now we have our daughter who is involved with us, and she handles our out-of-state sales on a regular basis. Our daughter-in-law is handling our California sales

on a regular basis. Then we have another young woman who works with them who handles the processing of our consumer mailer sales. So we have those three people. Then I sort of have that general heading of being a vice president of marketing and sales. But we really work as a group and talk about what directions we're going to go, and where we're going to open a market or not open a market. We're starting to expand into the export market over the last four or five years, although that's pretty minuscule right now.

Hicke: I wonder if we could just go back a little bit to 1985 and thereabouts, and find out how you got started into the marketing end of it.

M. Duckhorn: I guess what happened was as we began to grow, it became apparent that we both couldn't be doing everything together. So we began to evolve, more or less, into different spheres of responsibility. Dan had always handled the financial aspects of the winery, but the grapegrowing side of it and the contact with the growers and that sort of thing was taking more of his time. So I ended up doing more of the sales, actually. I was always involved with the sales side, and then the marketing was--

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Hicke: You were just saying the marketing evolved out of it.

M. Duckhorn: It evolved out of the sales. I think we've always sat down together and talked about what we were going to do, what strategies we were going to follow, and Dan still is really involved. He does a lot of the on-the-road tours with the vintners, and also he was the past chair of the Napa Valley Vintners Association. So he likes to call himself the Colonel Sanders of the operation. He gets put out on the road, and we love it, because then he lets us run our operation when he's gone. [laughs]

Hicke: What did this actually involve? First you were doing administrative work, and then--

M. Duckhorn: I'm still doing administrative, I'm still doing personnel, I'm still involved with marketing strategies. So it's not like we have a sophisticated marketing approach. We sit down and decide, well, are we going to visit these markets this year, and what are we going to do? I guess our marketing, if there is a strategy to it that you could focus on, it's relationships. It's relationships with our

distributors, it's relationships with our accounts, it's relationships with our consumers.

This is something that we're always talking about in the office: the customer is king. When you have a complaint or a problem with a customer, whether it's a restaurant, a retail account, a consumer, you have to pay attention to what they're saying and work it out the best way that you possibly can. They are right, more or less. Now, we can complain when they leave, but you handle it as if they are right, and you try to smooth it over the best you can.

Hicke: So your customer relations--

M. Duckhorn: Customer relations are a key part of that whole thing.

So if you take that as the core, when we go and visit a state or a distributor, we'll try to have a luncheon for some of our key accounts where we can meet them. Obviously we're not going to be able to visit every market every year; we're not going to be able to visit every account every year. But when we go into a state, we can visit with our distributor, we can have a luncheon, a thank-you luncheon that we've hosted to bring people there that we can talk with about what we're doing, what's new in the industry, and find out what's happening in their market. It's an exchange. It's like a friendship. If you don't get together periodically and have an exchange, it will wither and die, so it has to be that way.

Hicke: How much do you travel?

M. Duckhorn: A lot. I think we were figuring about three or four months in the whole year, we're traveling. We never travel during harvest, but starting October, November, a little in December, but then January, February, March, April, May are the months in which we do most of the traveling.

And then conversely, when we have visitors, our use permit doesn't allow us to be open to the public for public tours and tasting. But if we have special clients, or if somebody is referred to us through a distributor or a restaurateur or a retail account, we will make every effort to take them through, and generally it's Dan or myself that will take them through the winery, or our daughter, or Alex, or Tom, our winemaker. We try to have that contact. At all tastings, we try to have either our winemaker or a Duckhorn involved. The same with our winemaker dinners. Dan and I

used to do a lot of them together; now we split up and do all of them separately.

That's kind of the not-fun part of the business as you grow. And it's not just as we've grown but as the demand for that type of activity has grown. Certainly most wineries would say that this has become a venue that is very popular in the last five years. And auctions are a whole other marketing event.

Auctions

Hicke: Yes, I wanted to ask you about those.

M. Duckhorn: It has gotten to the point where we now have to rotate the events that we can do and the auctions that we can be involved with, because you can't possibly do them all. It's just become a very popular type of event to have.

Hicke: But you also had your own wine auction, which is not the same thing, right?

M. Duckhorn: No, that was not. That was again, sort of Dan's financial background coming to the fore. He had always noticed in *Decanter* magazine that many of the Bordeaux wineries' prices are established in auction houses. We had a quirk in the law here in California, or in the United States, that wouldn't allow a winery to consign their wines to an auction house for sale. Consignment sales are against the law. We would have had to sell wine to the auction house and then let them auction it off, and whatever the price would bring, they kept it.

So they worked out through the lawyers--and this was something that really Dan worked on for a number of years with the lawyers and with Bruce Kaiser at Butterfield & Butterfield--they worked it out so that we could auction wines direct from the winery without it being a consignment sale. I'm not sure of all the legalese they went through.

But the main reason he wanted to do it was because we were getting a lot of requests for what the value of some of our older wines were. There had been a major earthquake, there had been a major fire, and people had lost extensive cellars. So they needed some value to place on those wines that was real-world, not charity auctions, which are not

real-world. Or some formula, which is what we were using. We were using some formula for a while there, where we took the initial price of the wine plus that times the interest that you would pay on holding it for so many years, et cetera, and how much we had left in our library. There was this elaborate formula that we were using.

But he really wanted to use an auction where we sold the wine that would establish a real-world price for the wine. So that's why he was motivated to work through the legalese on this. As it turned out, we decided to do it as part of our open house during California Wine Appreciation Week, and Butterfield & Butterfield came here to the property. We had emptied out that one cellar and set it up for the auction, and we were live between here and San Francisco and Los Angeles with auctioneers in both of those places, and then we had the auctioneer here.

Hicke: Is this 1993, or is this one you just had?

M. Duckhorn: No, this was '93. And I think we were the first ones to do it. Since that time, I think Stag's Leap has done it, and now I just got a catalogue that said Beringer is doing it.

Hicke: Once again, you are a pioneer. How did that work out?

M. Duckhorn: It worked out very well. It was very popular, it was a lot of fun. It was a lot of fun just being in that room with the auctioneer there, and then you could hear the bids coming from L.A. and San Francisco. We auctioned everything that we had selected. We did only the first ten years of our wine.

Hicke: Merlot and Cabernet?

M. Duckhorn: Merlot and Cabernet; no whites. I don't think we did any whites. I have a booklet which says exactly what we auctioned, but I think it was only reds. It was all different sizes. We did some verticals, we did some big bottles. We had begun bottling wines in larger format I think about 1981 or '82; those vintages were the first ones that we did in larger format. So we had some big bottles, five-, six-liter bottles, three-liter bottles from those years forward.

And it worked out really well. It was a lot of fun. It provided sort of a focus during our open house, and it established some prices that we have subsequently used. Now I notice that a lot of retail stores are beginning to

auction wines that they've had that come through; like I know Morrell & Sons in New York has an auction periodically. Then there's an auction house, Davis & Company in Chicago, that auctions a lot of wines. So we're beginning to see a following for California wines in the auction circuits, and that will establish more real-world prices for older wines. And it gives some value to the winery, it says something about the winery, when they command certain prices.

- Hicke: Yes, I would think it would be a very good thing for a consumer to know that the wine had been kept in this one place and under the described conditions and those kinds of things.
- M. Duckhorn: Of course at other auctions, they don't know that necessarily, although there are supposed to be certain specifications that are met. But still, that's right--all those wines that we auctioned were straight from our cellar. But we don't store the wine here; we store it at a cooperative warehouse. Once it's bottled, it's moved there and it's temperature-controlled, and it's never been moved.
- Hicke: Are you going to do that again?
- M. Duckhorn: I don't know about a live auction, but as part of our open house last year, we did a mini-silent auction. Our problem is we are very depleted in our older vintages.
- Hicke: That is a problem.
- M. Duckhorn: It's difficult to do anything like that, yes. So maybe in another ten years we'll do another live auction when we've accumulated the next ten years worth of vintages.
- Hicke: Are you saving more of the wines?
- M. Duckhorn: Trying to. It gets away from you sometimes. It's sort of like oversubscribing on the airlines. [laughter] In spite of our computer system, sometimes that last person will beg and you'll give in, and then you realize that maybe you've oversold it a little bit.
- Hicke: But you have some kind of a policy for cellaring?
- M. Duckhorn: Trying to. Yes. As policies go. [laughs]

Family Decisions

Hicke: Well, let's see where we are. I wanted to ask: you said you sit around and you often discuss marketing strategies. Do you leave that at the office, or do you sit around the house and discuss marketing strategies? You don't have to answer that if you don't want to! [laughs]

M. Duckhorn: I guess I could say that probably some of our most heated discussions have been at home [laughing] that evolve around marketing strategies.

Hicke: So you can't leave it at the office?

M. Duckhorn: You can't leave it. I must say that as we get more family members involved in the winery, the discussions get a little more heated with the generational difference, but Dan and I have also, I think in more recent years, tried to leave the office at the office, and have home be more of a sanctuary. That wasn't easy to do in the early years when we were building. So much would be there and right in the front of your mind that when you went home, that might be the only time you'd have to discuss. We're trying to be more formalized about it and doing it in this environment. I think it makes for a healthier marriage.

Hicke: Oh, yes, it's difficult for anybody when they can't leave their work at the office and come home and get away from it.

M. Duckhorn: Right, and that's a disadvantage. But on the other hand, there's an advantage, because you know that when somebody is involved doing something and they don't come home right at six o'clock and you've got dinner or whatever, you don't get as upset about it. And the roles have reversed: many times I'm here and I get home and he's fixed dinner. So there's a lot of give and take that way. And now that our daughter is involved, and daughter-in-law, and they're beginning to have families, I'm finding that I'm very willing to let them go on the road and do the tasting, and I'm happy to take care of the grandchild.

Hicke: How about your sons? Are they here?

M. Duckhorn: They're not involved at this point. Well, I have to back up a little and say that we've encouraged them to more or less go out and make their own way in whatever they want to do first. That isn't to say that they may not come back and be involved at some point, but I think that with Dan being a

strong personality and being so involved with the winery, it made more sense for them to become their own person and feel successful in whatever they're doing. And when they do decide to come back, if they decide, they will come back with skills and a sense of what the world is like that they wouldn't have gotten if they had come directly into the business.

Hicke: So what are they doing?

M. Duckhorn: One is in computers; he's working for a company that makes maps on the computer. It's involved with this technology that they're putting into a lot of the automobiles today, where you can punch in, "I'm here, and I want to get there," and it spews out how you get there. So he's involved with that, and he likes computers.

Then the other one is actually back at Berkeley getting a master's in business; and has one more year to go there. His background is more directed into the financial side of it, so I'm not sure what he's going to do when he graduates, but probably work; he likes banking, so he'll probably go the banking route for a little while.

Decoy Label

Hicke: There are quite a few other things here I need to ask; I hope your time is not too short.

M. Duckhorn: No, I'm fine.

Hicke: Tell me if it is. I wanted to ask you about the Decoy label.

M. Duckhorn: Decoy was again a concept that came about to keep the quality of our first label the best we possibly could. In Europe, and again we've patterned ourselves in many ways after some of the first growers, by their having a declassified wine or wines that are made from declassified lots that they put out under a second label, it helps them to keep their primary label the best quality that they can. So Decoy, I like to call it--not quite the real thing.

Hicke: And it's your second label, you said.

M. Duckhorn: Yes, for us it's a way to declassify lots that don't fit in when we do our blends, and to recoup some of the dollars that have gone into it. Because when we buy fruit, we pay the top dollar for the fruit, because it's going to go into our primary blend. Each lot is processed separately, made into wine separately, it's aged separately, and then we start to evaluate it on its own merits, and then we'll begin doing some initial blends.

At that point, we're into the winemaking process maybe, oh, eight or nine months, so about half of the time that the red wines are in-house. At that point in time, a particular lot of wine may not be developing in a way that we like, or it doesn't fit into the blend in some way, and rather than detract from the primary blend, we'll move it over. We may not leave it in barrels quite as long, or we may move it to some older barrels, and we'll put it under the Decoy label.

Hicke: When did you start it?

M. Duckhorn: We started it in '85 with some excess Semillon. We've always blended Semillon into our Sauvignon Blanc, and when we had an excess of 25 percent, we couldn't put it into the Sauvignon Blanc and still call it Sauvignon Blanc. So that is when we started Decoy with some Semillon, and we just called it Decoy Semillon. We did that every year up until '92, and then we didn't have any excess, so we skipped that year. The '94 is actually a blend of Sauvignon Blanc and Semillon for the first time. So we've changed the label a little bit; it's now called Decoy Migration White Table Wine.

Hicke: I saw that, yes.

M. Duckhorn: Yes. Now, the red came into being first with some Pinot Noir that the Uptons had. The Uptons, who own the Three Palms Vineyard and have been our sort of flagship wine since day one, had decided they were going to get into the wine business a little bit, so they were going to make Pinot Noir. They did, I believe, one vintage; they crushed three vintages, they sold one vintage, and decided that wasn't the business for them.

So they had some Pinot Noir left over from two vintages that was blended together, and since they had pulled all the Pinot Noir and had T-budded over to Merlot and Cabernet and Cabernet Franc, we said, "All right, we'll put this Pinot Noir under our Decoy label and sell it, since it's the

last." So we called it Decoy Pinot Noir Finale. That was our first red that we actually sold under that label.

Then we've had some Cabernet under the label. We had another Pinot Noir that we had done as a research project. Finally, the '93 that will be coming on the market is--I guess both the '92 and '93 we called Migration Red Table Wine, because it was kind of a potpourri of Cabernet, Merlot, and Cabernet Franc, various lots that we ended up blending together, but none of them were enough to bottle as varietals.

So we're going to stick now, I think, with Decoy Migration, and we'll have a red one and a white one, because as we've grown, we end up with more grapes; and with new vineyards coming on from the replanting, we're going to have a lot of fruit from young vines, and we feel that that will probably be more Decoy material. So to allow ourselves some flexibility as to what actually the blend will be each year, we just decided to stick with the one label.

Hicke: You actually bring it in and crush it and ferment it and so forth before you decide what's going to go where?

M. Duckhorn: Absolutely. We had something like thirty-six different lots of wine last year.

Hicke: All kept separate?

M. Duckhorn: All kept separate. We do some initial blends about four or five months after crush, and then we try to do the final blends about a year after crush, and then they have about another four or five months to sort of marry before we bottle. The blending is a challenge when you have that many lots. It's done by our winemaker and his production staff, and then Dan and myself, and when the girls haven't been pregnant they've been involved more with the blend tastings. So we've been doing a lot of blend tastings, to produce these four bottlings. We have a Napa Merlot, the Three Palms Merlot, Cabernet, our Howell Mountain wine, our reds, and then the Sauvignon Blanc is our white, and then the two Decoy wines. So that's what we're aiming to come up with.

Miel: Late Harvest Semillon

M. Duckhorn: Then we do--experimentally but for fun--we do a late harvest wine, a Semillon.

Hicke: I thought I had seen that.

M. Duckhorn: Yes, Miel, our Miel. Our honey. We've done two of those. We did a '90 and a '91, and they were quite different, because the vintages were obviously very different. Ninety was a very dry harvest, and we could not get botrytis no matter what we did. So it was truly a late harvest wine that sugared from dehydration more than anything else. Then in '91, we had perfect conditions for botrytis. In '92 we picked some, but it ended up being pitched. It did not develop the way we wanted it to be. And we're going to try to do another one this year. We've been primarily using the fruit that's around the winery here.

The first year, we contracted with a grower that had grapes in this area that we thought would develop botrytis beautifully, and Dan had had them set aside a couple of acres of fruit that they were going to use, and he expected he was going to get a couple hundred cases. Well, we got something like twenty cases out of it. So we decided this was not something you pay a grower for; you use your own grapes.

So then we started using the fruit around the winery, which is planted to Sauvignon Blanc and Semillon. So these are the things you learn.

Hicke: Yes. Trial and error.

Special Attributes of Wine

M. Duckhorn: One of the things that I think is very interesting that people forget is that we truly are farmers, and we are very subject to Mother Nature. I know we go through a lot of hoops trying to explain to our accounts that "I'm sorry, there just isn't any more of that particular wine." It's not like any other product. You cannot go and get more.

But that's the beauty of it, because for me, wine is very special. It brings a piece of history to the present,

when you open that bottle of wine. All the things that happened in that year, whether it's a birth or a marriage or an engagement or whatever, the significance of that vintage is brought to the present when you open that bottle of wine. So it's very special.

Hicke: Probably the only food that you can think of that--

M. Duckhorn: That's right, that has that kind of attribute. And it's living, so it changes. It changes in the bottle. It changes from the moment you bring it in; it's always in transformation. Some of those that you may not give a lot of credence to in the early years can develop into such beautiful wines. I know a lot of people have likened wines to children and maturation, and the teenage years when they struggle, and then they develop into nice adults, and things like that. There are a lot of similarities, there are a lot of adjectives that could be used in both instances.

So wine has a lot of interesting, special properties, and I guess that's what is so intriguing about it.

Hicke: But I think you're absolutely right that people don't appreciate that winegrowing is an agricultural activity.

M. Duckhorn: Yes.

Wine for the 1990s

Hicke: Well, let's see how far we've gotten. I wanted to ask you also: in your marketing and sales, how much do you listen to consumers' feedback? Does it have any impact on the winemaking?

M. Duckhorn: It does, and I think this has probably had more of an impact in recent years. Because as we get more new consumers, as our generation, who were collectors, who had--there was this whole group of young people that were lawyers and stockbrokers who had a lot of wealth. They didn't care what something cost as long as they had it, whether it was a car or whether it was an experience of going on the best vacation, or having the best house, or the best wine, it was a collector mentality for a number of years, especially in the early eighties, mid-eighties. So a wine that had longevity, that had collectibility, they didn't care, they wanted it. It was like stamp collecting.

But that's changed in the nineties. I think we've seen a real trend towards red wine consumption and wine consumers who are not into the collecting mentality, who don't want to spend a lot of money and wait a long time for the wine. I think what consumers are telling us is they want wines that are more drinkable now. So yes, we do look at how we can tweak our winemaking concepts and practices to make wines that maybe are a little more drinkable now, but still have the ability to age.

That is a challenge in the California climate, when our sugars get higher more quickly and you end up with a little higher-alcohol wine sometimes than you might want. Certainly it's been a challenge for us, because we've always chosen fruit from very stressed soil series, so we get more intensity in our wines. But we can balance that out by fruit from areas that are--

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Hicke: You were just saying you can balance this intensity flavor.

M. Duckhorn: Right. One of the advantages of blending the way we do and getting fruit from so many different locations in the Napa Valley, is it allows for us to blend to reach a particular style. A good example of this is one vineyard that we were getting a high percentage of Cabernet from. Last year was one of the more difficult blending decisions that we had to make, because here was high-quality fruit, but so tannic that it didn't fit into the wine. It really changed the wine to the point where we said, "Okay, we're going to have to make a real cut here in our Cabernet." And we ended up removing that from our final blend. We took a big cut in our Cabernet production for '93. We went from something like 4,000 cases in '92 to 1,600 cases in '93, because we felt that it changed the wine too much, and it would not fit in today's market. So those are the kinds of decisions we have to make.

We have the flexibility to do that here, but those are hard decisions to have to make. It's going to definitely impact our sales, it's going to definitely impact our allocations, so these are marketing decisions that are based on quality but affect sales and the bottom line in many ways. But quality has to come first, and we're willing to make those sacrifices. That's just an instance of how we can more or less control a little bit and adapt to consumers.

One thing that we've really seen in more recent years is at tastings. We would always pour about two whites to one red, and in the last three years it's been totally reversed. Totally reversed. So that positive health message that's come about through non-industry sources has had a tremendous impact on our industry, tremendous.

Hicke:

I think it's quite impressive. Everything I read now, it seems like no matter what problem you have, it can be solved by wine and exercise. [laughter]

VII PROFESSIONAL AND COMMUNITY ACTIVITIES

Women for Wine Sense

M. Duckhorn: Well, wine in moderation. We have to use that word. I get a little upset, though, with some of the misinformation about wine--and this is an area where I've probably devoted some of my energies; I've been involved with a group called Women for Wine Sense.

Hicke: Oh, yes, I wanted to ask you about that.

M. Duckhorn: Yes. I was one of the founding members of this organization about four or five years ago. It was at sort of the peak of the neo-Prohibitionist movement, and there were a group of us in this industry who were upset by all the negative press that was focused mainly on women. Wine got pulled into it because it has alcohol in it, but the warning labels were offensive. There were some incidents that were occurring around the country where wait staff refused to serve women who were obviously pregnant even a glass of wine with their meal. Other people were starting to make judgments about what you and I could do, and that was upsetting to us.

So we formed this group to try to get more balanced information out. One of the other things that was happening was our children, even in our local schools, were being told that "Mommy and Daddy shouldn't drink." They were telling parents, "Please don't drink in front of your children, including wine." Kids were coming home and asking their parents, "Do you sell drugs, Daddy?" This was getting to be a little upsetting.

So we said, "Okay, we want an organization that gets balanced information out, that is proactive." And I'm really proud of some of the accomplishments that we made in

the early years. Certainly a little bit of our sort of push has waned as the neo-Prohibitionists have sort of subsided. That movement has subsided a little bit, but it will come back. It's very cyclical, and you can plot it over the years.

But one of the things that we did was that we were able to convince the Napa Valley Vintners Association to take some of their auction proceeds and fund a program called Healthy Moms and Babies in Napa, which is a program that takes Medi-Cal-eligible women, and it helps them in getting to their pre-natal appointments, it gives them information about pregnancy. It does a lot of things to enhance a better outcome to the pregnancy. And certainly if there is someone who has a problem with substance abuse of any kind, they try to get them to proper counseling.

So we weren't saying women should drink; we were just saying, "Let's take a look at the whole woman, and it should be between the woman and her physician as to what she does, and we should get her good solid information so she can make a proper decision for herself." A little label on a bottle isn't going to keep that alcoholic woman from drinking.

And then another program that they started was what they call the Trunk Program, which was part of the docent program through the Napa Valley Museum, where they put together a viticultural trunk that shows all the accoutrements that you use in the vineyard in harvesting grapes and producing grapes and grapevines, to help kids to understand a little bit more about the fact that this is an agricultural product. And yes, wine is a byproduct. That is one of the things. But that's not the major focus, it's an agricultural product.

We'd like to see more happen in that area. I'd like to see more happen with organizations, like right now I've been talking with the March of Dimes, because I'm concerned with some of their slant on their information. I think it's good to support women. I'm definitely against birth defects and doing anything you can to help prevent birth defects. But I am not for scaring women, using scare tactics. What they're saying in effect is, "You should not have any alcohol at all during pregnancy, and if you're considering getting pregnant, you shouldn't have any alcohol." This is including wine. And, "If your spouse is supportive, they shouldn't have any alcohol either."

And I think that's a bit extreme. I think you tell people the facts, what you know. You don't say things that you suppose or are unfounded or use scare tactics, so that women who might have gotten pregnant and didn't know it, and had had a glass of wine, aren't going to be now worried that they're going to have a negative outcome to their pregnancy. I just think that that's wrong.

Hicke: Is March of Dimes denouncing alcohol?

M. Duckhorn: March of Dimes has in their publications, and they had a radio spot--that's where I first heard it--something to that effect, and if you want the verbiage I can give it to you--but it was something to the effect that "Okay, guys, if your wife is pregnant, so are you, you should support her in various ways; one of the ways is not to have any alcohol, if you are pregnant or thinking of pregnancy, because this is how you support her--not to have any alcohol during her pregnancy." And they even mention a glass of wine in the ad, and that's wrong. Historically, even research has shown that it takes an excessive amount of alcohol before there's a negative outcome.

But I'm not out encouraging people to have wine when they're pregnant. Our daughter and daughter-in-law are both pregnant, and their taste buds have changed. They're not even really interested in it. But that's not the point. The point is, why scare people about something that is not true? They didn't know about it when I was pregnant, and I didn't cut back. I didn't drink excessively, and certainly there are many cultures where the wine was safer than the water, and I'm sure they consumed during their pregnancy, and they don't have a lot of FAS [fetal alcohol syndrome] babies running around. So I don't know.

And in the schools, there were some schools over in Sonoma County that wouldn't let the kids even wear winery t-shirts to school, because they were on this anti--it was this "alcohol and other drugs" was the statement, and "Just say no." It's that whole program, and I don't believe in that. I think that's a postage-stamp panacea for a problem that is a real problem, and I think the way you educate children is you give them all of the facts. You're not going to control them when they're out of your sight, so they have to be armed with all of the facts.

To "Just say no" does not give them control, and what happens is that you end up with binge drinking in college, because they've never been allowed to try wine or to learn

about it in the home. I think one of the most ludicrous things that we do in our country is that we require that teenagers take drivers' education programs to be licensed to drive, but do they get any kind of information or experience about how to consume alcohol? And what happens? They mix these two things. They mix these two things, and you get young drivers who are outside of parental control, experimenting with alcohol. Most kids are going to try it.

So why not put it in a safe environment? Why not have the child be exposed to a small taste of wine at the dinner table with food, with family? Put it in that context, so that it becomes not something to be abused, but as an enhancement to the meal. Anyway, I could go on for hours on that topic!

Hicke: Well, you've been effective, not only just talking, but doing things. I think that's important.

M. Duckhorn: I just feel very strongly that there are better ways to teach our children about alcohol. And prescription drugs too, or drugs, period. About anything that goes in your body. I guess if I have any regrets, it's that I am not involved with that on the school level, because I feel very strongly that kids need to know how to treat their bodies, whether it's exercise or what they put in it, whether it's nutrition, food, alcohol, drugs, prescription or otherwise, how these things affect and change may determine what happens to you for the rest of your life, by the decisions you make. Whether you drive fast or don't drive fast. All of these things, they're values and decision-making processes that I think our kids are missing out on today. I see little inklings here and there of a change, and I think that's positive, but it's not coming fast enough.

Wine Institute

Hicke: Are there other community and industry problems and challenges that you've been involved in?

M. Duckhorn: I think that's been the strongest. The other one that I've been involved with consistently probably for the last eight or ten years has been with the Wine Institute on their Research and Education Committee. That has been a fun evolution, to see how this health issue has evolved, and how the research has evolved over the years.

Because a lot of this research on how wine affects cardiovascular mortality and morbidity has been around for a long time. But nobody would listen to it, and there were so many counter-arguments about it that they've had to repeat and redo, and of course, now some of the research has become more sophisticated, and they're pinning down what are the components in wine that are affecting these statistics, the resveretrol and quercetin, the anticancer component of wine. These are the kinds of things that they are narrowing down on how wine can be beneficial.

Of course, we can't really talk about it from a winery standpoint; our powers-that-be in the government still feel that any sort of promotion of wine as being a healthful beverage is like going back to the days of patent medicine. So you can't really talk about it too much, but I think clearly, the research is there that shows that when wine is consumed in some moderation, people do live healthier lives.

And maybe it is true. And some of the sociologists seem to think that people that are interested in wine overall have healthier lifestyles, and maybe it is a combination of factors. They like to exercise, they like good food. I definitely have always been a believer that good nutrition was very important in one's health, from a preventive standpoint, preventive health measures.

That's another advantage of living in a community like this, the access to good fruits, vegetables, food products. That's a real benefit of our lifestyle that we have. Now, sometimes we get caught up in the overconsumption, with all the winemaker dinners and everybody trying to do fancy food. [laughs] That can work to your detriment too, but then that pushes you to exercise more.

Hicke: Do you find a difference in these attitudes as you travel around the country?

M. Duckhorn: Yes, it's changing. Although it's interesting, the consumer many times has been sort of in the background and not as enlightened about some of the changes that are going on. Many consumers have not been aware of some of the taxation issues that have been spurred by neo-Prohibitionist activity, or regulations like the labeling law on the wine bottles. I mean, they see those things appear on the bottle, like, "Contains sulfites." Wines have always contained sulfites. Fermented products contain sulfites. French wines contain sulfites, more than we have.

And yet, we had to put that on the label, so consumers then began to ask a lot of questions and began to say, "Gee, maybe it's the sulfites that are making me have a headache." Or, "Maybe I am allergic, and therefore I shouldn't consume." Those were crazy issues that we had to face that I think were a disservice to consumers.

Hicke: But you have indicated that it's changing, and in fact you're seeing a drop in this neo-Prohibition movement.

M. Duckhorn: Yes.

Hicke: And how about between different sections of the country? Like the Midwest versus the coasts.

M. Duckhorn: Obviously, the coasts hear things first, and react first.

Hicke: Plus, they're winegrowing regions.

M. Duckhorn: Yes. So they probably respond more quickly, whereas the Midwest, it's a little slower. But from an economic standpoint, too, when we were going through this little recession, the Midwest was more or less stable. The Midwest doesn't seem to have the peaks and valleys that the two coasts do, economically as well as when it comes to a lot of these other issues, they seem more stable.

Hicke: I saw an article from some paper in Sioux Falls, South Dakota. Dan had been there talking to them. So it sounds like you get around.

M. Duckhorn: Oh, well, he gets pulled into some of these areas because of his interest in hunting. Sometimes there are little lures to get him various places. I think that one was a pheasant hunt. But it turned out to be a great market, too. Everybody was so thrilled and enthusiastic.

Hicke: I imagine they loved having him come.

M. Duckhorn: You know, that is one of the sorts of thrills of the secondary markets that we're beginning to explore in the United States now, is that some of the primary markets, those initial NFL cities, so to speak, they've had California wine now for eight or nine, ten years. So their thrill of seeing winemakers and doing winemaker dinners is less apparent than in some of the Midwest cities that are just beginning to get into this area of interest.

I know he was on a tasting in--I think it was Charlotte, North Carolina. He said the enthusiastic welcome that the Napa Valley Vintners Association had there was incredible. They just were so happy to have everybody there, and wanted to taste all the wines. Whereas in some of the bigger cities, they have so many tastings now that sometimes they're not quite as interested as they used to be. So it is changing.

We're beginning to see a little bit of that in some of the foreign markets as well, where there is beginning to be a little interest in California wine and Napa Valley wine in particular.

Napa Valley Vintners Association: Worldwide Recognition

Hicke: We didn't get into how you actually began to go into foreign countries.

M. Duckhorn: Well, that has been part of the Napa Valley Vintners Association, and I think this has been a very positive move in their direction. Wine Institute, under the marketing order where everybody paid, used to handle most of the marketing for California wine. And that was okay. But when that all disassembled and the regional areas took over their own marketing efforts, I think that has been much more successful, because you are representing a region. Even though you are competitors at some level, you want recognition for your appellation, your region.

As a vintner group, we've done national marketing tours to various cities; we do about three tours a year and we hit four or five cities in a week, where we'll hit one city a day, and then do a big tasting. We've taken that concept to Europe as well. It was slow going at first, but it's beginning to take hold. We're beginning to see recognition for our wines in Europe as a result of that, the Napa Valley wines. That's good, because we want them to look beyond just their immediate borders.

Of course, we're coming into a competitive environment there because of the German and French wines and Italian wines that are so readily available, and Spanish wines. But as people begin to explore and certainly as the world shrinks from a communications standpoint, and the increased ability to get from one part of the world to the other, and

the numbers of business travelers, there is more of an interest in wines all around the world.

Hicke: Have representatives of the vintners association been all over Europe?

M. Duckhorn: We've focused primarily on the UK and Germany, Switzerland. We stay out of the heavily wine-producing countries.

Hicke: Yes, that's what I wondered.

M. Duckhorn: Germany, even though it's a wine-producing country, their wines are so different from most of what we produce here that the competition isn't as great. There is some interest in France, but it's crazy for us to spend dollars there. We're much better to spend our dollars elsewhere.

Hicke: How about central Europe, Eastern Europe?

M. Duckhorn: No, we have not done that yet. I don't think economically they're ready for us. By the time you ship the wine and go through all the import duties and the VAT [value added tax] and all the rest of it, our wines are not inexpensive in their market. They're competitive with second-growth Bordeaux's; so I don't see that happening right away.

Hicke: Scandinavia?

M. Duckhorn: Scandinavia is beginning to open a little bit, Holland a little bit.

Hicke: So northern Europe.

M. Duckhorn: Northern Europe. Canada is becoming a very important market for us; Japan a little bit. It's very expensive by the time the wines get there, and that's a long way to travel. We have done some marketing efforts as a group by bringing Japanese sommeliers to Napa Valley and doing educational seminars here with them, and that's making some inroads. But it's expensive. We've talked about taking a group of vintners to Japan.

But it's all user-pay, so as a winery, you have to assess the advantages and costs. Number one, if you're going to get into these programs, you have to be committed for a number of years. It's not something that happens overnight. You have to figure that you're going to have enough wine to warrant the expense of getting there, of being housed there--the travel and the entertainment part of

the whole thing is very expensive. For a winery like ourselves, we may put up \$2,500 to \$5,000 a year to participate in some of these programs. Well, that takes a lot of cases to offset that. We may not have the cases right now to even put in the market to do that.

But you have to look really long term. You have to say, "Do we want to be a worldwide-recognized winery in fifteen or twenty years?" And to do that, you have to start laying the groundwork. It was just like in the early years of our winery fifteen years ago, or sixteen years ago, when we started putting a small quantity of wine in other states; that was because we knew we wanted to have national representation down the road. So we have to begin to lay the groundwork for that.

So you really have to look long term for this business. Certainly the Bordelaise did not become internationally known by keeping all their wines at home.

Hicke: I guess I am a little curious, since you are a small winery and intending to remain a fairly small winery, why do you want worldwide recognition?

M. Duckhorn: I think it's a credibility thing. I think that when we started out, our goal was to emulate some of the first growths and second growths of Bordeaux, and credibility is part of that, and worldwide recognition is part of that. I guess that's really the only reason I can give for it.

And we're an informational society worldwide now, and it's happening faster and faster. Again, as the world gets smaller and we travel, hotels, chains, that sort of thing, send us requests. Right now I have a request from ten islands down in the Caribbean, because they have major hotel properties that want to carry a limited amount of wine. Singapore and Hong Kong, Four Seasons, Ritz-Carltons, those major hotel chains request the wines. In Japan, it's the Regents Hotel and some of those hotels that request the wine.

It starts out--and this again becomes sort of a web, or this circle that's sort of the pebble-in-the-river concept, where the pebble goes in and then it goes out. You meet and you deal with maybe the food and beverage director of a major hotel here, and he gets transferred to a hotel in another area, a foreign hotel or a property of a major hotel. And he wants certain wines on his wine list, so

that's how you end up establishing this network around the world, slowly.

So it is interesting. Napa Valley Vintners Association has been a venue for a small winery to be able to do that more easily than if you were a big winery and could go out and do all of this on your own. Our joint marketing efforts have helped small wineries, and being able to travel together and help share costs that way have helped out. Or, to bring people to us, to see what we are. I think a lot of our marketing effort as an appellation is to bring people here and just show how fine our vineyards are, the quality of our vineyards, the quality of our wine. Because people are incredulous many times at what our facilities--

##

M. Duckhorn: When they come here and they visit our vineyards and our wineries, they can't believe the high quality that we have, the care that we take of our vineyards, the growing conditions, the beauty of the area, how similar it is to other premium winegrowing regions of the world. And I think if there is no other message that we could get out, we should make known the quality of our vineyards and the quality of the wines that we can produce from this area.

And certainly, I think California started with Robert Mondavi, and I think he was a real leader in this; he did so much experimentation, and he was so willing to share, and he was so creative in his approach, and he never lost his enthusiasm for making Napa Valley wine equal to the best wines of the world. That has been his contribution; I mean, I've heard him give his little "Wines of the World" speech for years. I think he's made us all believers that we can do that, and why not? And why not.

So I think a lot of the innovation here in the United States, with stainless steel and its use--we moved from using redwood fermenters a long time ago--and our high use of stainless steel I think made the French begin to take a look at what we were doing and how to clean up their production. And some of the technology that was developed here on making cleaner, better wines has been taken over to France.

It's an industry that's changing and growing. It's gone through a huge growth period, but I think it's growing in many, many more facets, certainly as technology develops to define these things and to explain what's happening with

nature, and this whole organic farming that we have now with the vineyards, and how to control diseases, et cetera. We've certainly had a huge experiment with rootstock in this valley over the last ten years.

Hicke: Inadvertently!

M. Duckhorn: Inadvertently, but we've learned the hard way. But the French took 200, 300 years to come up with some of their concepts that we brought here. It takes a long time to come up with these concepts. And when we started in this business, Dan might have mentioned this yesterday, there were only maybe two rootstocks and two or three clones, so your decisions as to what you planted were very different than what they are today. Now we have five or six rootstocks and maybe twenty or twenty-five different clones, and you have to match all this up and decide what's best for your particular soil.

Over the last twenty-five years, this whole phylloxera issue has become an opportunity in many ways, because vines that were planted in inappropriate soil have been changed, and they're using different vines and different rootstock, different trellising systems. So I think that the quality of our wines in Napa Valley in the future, in the next twenty-five years, can only become better because of what we've learned in the last twenty-five.

More on Office Responsibilities

Hicke: Well, I just have a couple more questions, getting back to the winery. Dan suggested that you might tell me a little bit about your personnel work and your treatment of the employees. I think that they are very well paid, he said, for one thing.

M. Duckhorn: Yes.

Hicke: And your policies regarding--

M. Duckhorn: Well, again, it comes back to--I guess this is a nursing skill that kind of got translated into a business, and has come to me by default probably because of the number of people that we have in our office. I'm primarily responsible for our office personnel. I can't claim that I have any--I don't know what the word would be--any innate

managerial skills, but I think people need to be treated as people. I tend to operate more on a consensus viewpoint rather than an authoritarian one, but we try to work out the problems with certain ideas in focus. Quality is one, as I explained earlier, and the customer as being right is another. Those are the areas where I guess I feel strongly.

We have certain areas of responsibility in the office, and I guess one of our ways of rewarding employees is to say that they need to be compensated well, they need to have benefits, and I obviously feel strongly about health benefits. I think that vacation time and sick leave and all of those sort of things--we're in the process of developing a manual for that sort of thing, but I think we've always been pretty fair with our employees about that.

Obviously, as you get bigger, those things have to become more defined, because when there are only three or four of you in the office, it's sort of understood what's expected and what the behavior is. But that isn't always true as you get more employees. We now have fifteen full-time employees on the property.

Hicke: Mostly in the office?

M. Duckhorn: Most are in the office. Tom has a couple of part-time employees out here [in the winery], and then of course, seasonally we have more employees. But he has four full-time people that work under him and two part-time people, and then Dan and Alex kind of float between, because they do most of the vineyard and administrative duties. Then I have three sales people and a PR person and an events coordinator, and then we have two accounting people. Does that add up to fifteen?

Hicke: I'll count it when we see it on paper. [laughter] [It comes to fifteen.] Do you ever have a student intern?

M. Duckhorn: We don't. I suppose that would be good, but I guess--

Hicke: For a small winery--

M. Duckhorn: For a small winery, the training is the problem more than anything else. I think that we are going to have an intern this fall, because we were asked to participate in a UC Davis-conducted research model for different clones of Merlot that they're growing at their Rutherford Station vineyard. What we're doing is we're taking each of those clones and doing the winemaking. I guess they've always

done winemaking with the different grape clones that they've been following on Merlot, but it's not been done in a commercial setting.

So we're doing it in a commercial setting.

We bring them in the way we do our own, and we process them all the same way that we would do any of our Merlot lots. I think there is a UC intern that will be working with us during the harvest to help follow some of the statistical information on that project. Now, she may overlap into some other areas, I don't know. I think they're working that out now. But that's the first real intern.

Now, we've had "volunteers" that help during harvest. We have distributors that want to come and get their hands dirty, or ride shotgun with us out in the vineyard. We have friends of the winery that sometimes want to get involved. So we've had various people that have helped during harvest from that aspect.

In the office, no. We have a part-time worker that comes in and helps with filing and duties in the office. But because the training would end up on somebody's shoulders, it almost takes more time--we're all so busy that we probably could use two more employees, but our office facilities sort of limit the number of people we can have in there right now. That is on the books. That will be our final expansion--to redo our offices.

Hicke: When is that coming?

M. Duckhorn: That's probably scheduled for 1997.

UCSF Foundation

Hicke: Is there anything that you think that we haven't touched on?

M. Duckhorn: I don't know. [pause] The only other thing recently that might go back a little bit to membership or community involvement: I recently joined as a foundation member for the UCSF Foundation in San Francisco, which is more or less an ambassadorial-type program that I think can work in two ways. They asked that I become a member to be an ambassador about what UCSF does, but I also see it as a way for them to

receive feedback on what we as an industry do. I am quite interested in some of their projects on fetal alcohol syndrome, so I'm excited about being involved with them.

Hicke: Do you help decide how to allocate their resources?

M. Duckhorn: I don't know that I would be involved with that. I think there are subcommittees of the foundation membership that do various aspects of it, and since I've just recently joined, I'm not quite sure what committee I will be serving on. I am more interested in the research end of it, and I see that as a nice tie between what I'm involved in with Wine Institute as well.

And then until this last year, I was serving on a Maternal Child Health Community Committee as the health contact from the wine industry on early childhood education and just general health education-type problems in the community. I'm not sure whether that's still a viable program or not; I think that's kind of dissipated in the past year. It used to be mandated by the state that they had an advisory board made up of community members, but I think that got eliminated, as some other things came in.

Hicke: In the budget?

M. Duckhorn: Well, I'm not sure that there were any budgetary implications, I just think that they have begun to cut back on a lot of things.

Hicke: Actually, your background provides quite a nice connection.

M. Duckhorn: In many areas it does. But that's come about only recently.

Hicke: That's a nice thing for you to be doing.

M. Duckhorn: It is for me. I feel very comfortable in that role.

Hicke: And it's a good thing for the industry for you to do that.

M. Duckhorn: Well, I would like to get more involved in it. I would like to learn a lot more about it and have more time to be involved with that.

Hicke: One of these days.

M. Duckhorn: One of these days, that will happen, I'm sure.

Hicke: Okay, well, I think we've covered most of the history of Duckhorn Vineyards and the Duckhorns.

M. Duckhorn: Good. Thank you very much, Carole.

Hicke: Thank you so much--I really appreciate your taking time to do this. It's going to add a lot to the history of winemaking in the Napa Valley.

M. Duckhorn: It's easy to talk about what you're doing, I guess.
[laughs]

Hicke: It sounds as if you would do the same thing all over again?

M. Duckhorn: I think. I might do some things a little differently, but--

Hicke: In general?

M. Duckhorn: In general, yes. It's a wonderful way of life. You work very hard, and sometimes you feel like it's all-consuming, but I don't think there's another industry where you can live in a more beautiful place, meet more interesting people, have access to some of the most wonderful parts of life--I mean, everybody tries to earn money to go to good hotels, have great meals, enjoy nice wines, meet fascinating people, and that's our job. So I really enjoy that part of it. We really have visited some incredible places, met some interesting and incredible people from all walks of life, and I don't think I'd change it.

Hicke: That's a nice happy ending. Thanks a lot, Margaret.

M. Duckhorn: Thank you.

[end of interview]##

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TAPE GUIDE--Dan Duckhorn

Date of Interview:	July 18, 1995	1
tape 1, side A		1
tape 1, side B		15
tape 2, side A		31
tape 2, side B		45
tape 3, side A		60
tape 3, side B		74

TAPE GUIDE--Margaret Duckhorn

Date of Interview:	July 19, 1995	77
tape 4, side A		77
tape 4, side B		89
tape 5, side A		99
tape 5, side B		110
tape 6, side A		121

APPENDICES--Dan and Margaret Duckhorn

A	Sample Wine Labels	129
B	Duckhorn Vineyards Production Portfolio	130
C	Duckhorn Vineyards Retrospective Tasting Notes	131

DUCKHORN VINEYARDS



1991

NAPA VALLEY MERLOT

Three Palms Vineyard

*Produced and bottled by Duckhorn Vineyards
3027 Silverado Trail, St. Helena, CA 94574 BWCA 4857*

ALCOHOL 13.0% BY VOLUME

DUCKHORN VINEYARDS



1993

NAPA VALLEY
SAUVIGNON BLANC

*Produced and bottled by Duckhorn Vineyards
3027 Silverado Trail, St. Helena, CA 94574 BWCA 4857*

ALCOHOL 13.5% BY VOLUME



Duckhorn Vineyards
Production Portfolio

1993 SAUVIGNON BLANC

75% Sauvignon Blanc, 25% Semillon

The 1993 Sauvignon Blanc is everything its predecessors were and more. Wonderful garden herb aromas of fennel, tarragon, and lemon-thyme are punctuated by deeper layers of fresh pineapple and melon. Spicy citrus flavors with a hint of toasty oak fill the mouth, and sustain a long, clean finish.

Wonderful when served with seafood pasta. Best now through the next three years.

1992 NAPA VALLEY MERLOT

84% Merlot, 12% Cabernet Sauvignon, 4% Cabernet Franc

With ideal Spring flowers giving generally full clusters, the 1992 vintage had perfect harvest weather with cool nights and hot dry days throughout September. Leather, eucalyptus, anise, and mellow oak aromas follow through into the palate and are joined by hints of cedar, tobacco, and pepper. Youthful blackberry and blackcurrant flavors are balanced by medium tannins.

1990 HOWELL MOUNTAIN

57% Merlot, 30% Cabernet Sauvignon, 13% Cabernet Franc

The 1990 Howell Mountain has the trademark inky black color of Howell Mountain fruit. Sandalwood, brier and mint aromas blend nicely with the background of wild berry. The more balanced grape tannins enhance the toasty oak character and a finish of clean fruit leaves one's lips smacking. A perfect wine for cambozola cheese.

1991 Duckhorn Vineyards Cabernet Sauvignon

75% Cabernet Sauvignon, 20% Cabernet Franc, 5% Merlot

Large crops were produced in most vineyards in 199. As a result we chose to "drop" fruit early in the growing season to increase quality. Cool summer temperatures and the larger crop delayed harvest, allowing fruit flavors to develop fully. A deep, raspberry, fruity nose leads to more subtle peppery, black olive, dried fig, and spicy cedar aromas. The berry fruit theme continues on the palate with the additional flavor of toasty oak. Velvety tannin and a smooth oak finish mark this wine as approachable now with decanting, but a few more years of cellar age are recommended.

1991 Duckhorn Vineyards Three Palms Vineyard Merlot

76% Merlot, 15% Cabernet Sauvignon, 9% Cabernet Franc

Great berry fruit aromas of cherry and strawberry appear up front followed by hints of French vanilla and hazelnut. Intriguing layers of spice and clove beneath ample jam and chocolate keep you mesmerized. Big wood and grape tannins combine with spicy, blackberry fruit flavors and a touch of anise in the finish. Two to three additional years of cellar age are highly recommended.



DUCKHORN VINEYARDS

RETROSPECTIVE TASTING NOTES

On January 14, 1994, a series of blind vertical tastings of all red wines produced by Duckhorn Vineyards was completed. All wines had been stored under ideal conditions since bottling. The purpose of the tastings was to evaluate the current status of the wines and to determine their potential.

The following notes, compiled by a group of sixteen experienced tasters, represent the most common characteristics displayed by each wine. These notes were assembled as a guide to help you determine the drinkability of your Duckhorn wines. We hope you realize the dynamic nature of wines, and that your experiences may reflect or contradict ours given different storage conditions, tasting environments, and personal preferences. Enjoy!

DUCKHORN VINEYARDS: A BRIEF HISTORY

Duckhorn Vineyards was founded in 1976. It is located on a 10 acre parcel along the Silverado Trail just north of St. Helena, California. A small number of families share in the ownership, including the Duckhorns, who are responsible for management of the winery.

Since our first crush of 28 tons in 1978, including grapes from the Three Palms vineyard, we have grown to an annual crush capacity of 600 tons (approximately 30,000 cases). Our emphasis continues to be on Merlot; however, we also produce Cabernet Sauvignon and Sauvignon Blanc. Cabernet Franc and Semillon are also crushed and used for blending. Grapes are purchased from approximately fifteen Napa Valley growers, representing the great appellations of Howell Mountain and Cameros as well as elevated benchland throughout the Napa Valley. We also own or directly control 150 acres of prime vineyard land with emphasis on alluvial soils. All grapes are hand-sorted prior to crushing. With such limited production, we are able to follow our wines with great attention to ensure premium quality wines.

To further emphasize our commitment to producing traditional, Bordeaux-blend wines, in 1989 we produced our first proprietary blend from the widely acclaimed Howell Mountain appellation. Our Howell Mountain will reflect vintage changes as we blend for vintage potential rather than for varietal potential. With each vintage our label will indicate the different blend composition as a percent of each varietal.

Dan Duckhorn, President, has been involved in grape growing and grape plant propagation since 1971. This background has been significant in the procurement of quality fruit as well as in the recent purchases of prime vineyard land. Dan also has a strong background in corporate finance which has been instrumental in the sound financial structure of the winery.

Margaret Duckhorn, Vice-President, coordinates all aspects of marketing and sales. She emphasizes the importance of direct sales and personal contact among the 400 accounts in California, 48 states and 7 foreign countries. She and Dan represent the winery at numerous winemaker dinners, fundraisers and special events throughout the year.

Tom Rinaldi, our winemaker, is a graduate of the University of California at Davis. Prior to joining Duckhorn Vineyards in 1978, Tom gained experience at several premium wineries in the Napa Valley. A traditionalist, Tom has made several trips to Bordeaux to study winemaking concepts. His goal is to produce elegant wines which are enjoyable in their youth as well as being suitable for aging.

THE GRAPES OF CHOICE

Everything begins in the vineyard, and we believe that vineyard selection can have the greatest single impact in determining the characteristics of a wine. From 1978 to the present, Duckhorn Vineyards has procured fruit from numerous vineyard locations throughout Napa Valley. Location, macro and microclimate, soil composition, site exposure, and clonal selections are all important factors that help us to assess the potential of a vineyard. Our detailed knowledge of the vines, soils and microclimates of each location and sub-appellation of the Napa Valley has led us to choose sites on or near alluvial fans at the base of the major streams feeding into the valley floor.

We believe the secret of the alluvial fan to be the harsh growing conditions. With very little soil to retain water, a vine must truly want to survive. Once the vine is mature, it must concentrate most of its growth effort into the production of the fruit rather than into the leaf canopy. For this reason, we feel that the ensuing wines demonstrate more concentrated varietal character.

The concentration of flavor present in wine made from mountain grown fruit, such as the Howell Mountain sub-appellation, is another crucial element in our blends. In these mountain locations, the vines are nutritionally stressed from the shallow, rocky soils and lack of water. These conditions result in loose bunches of small berries with intense flavors. While our vineyards on the valley floor produce rounder, softer wines with more obvious fruit characteristics, we believe that a balanced wine needs both contributions. Within each vineyard, we select only the rows that we feel will produce the highest quality fruit. In other words, we are truly after the "cream" of the vintage.

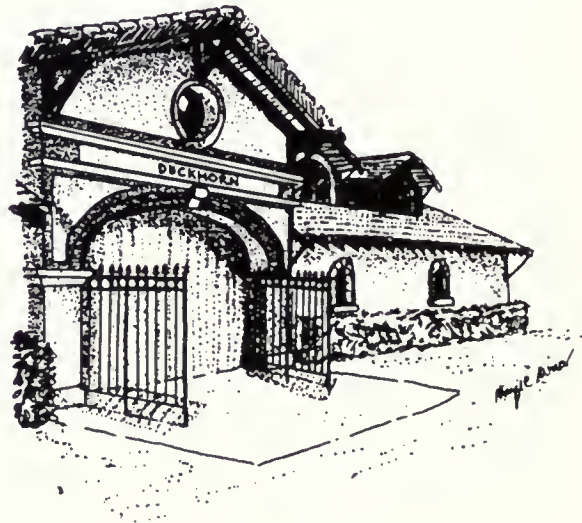
In order to further our vineyard research, we bottle for our library a small amount of wine from each major vineyard block just prior to blending. Subsequent analysis of these bottlings helps us to monitor overall quality, aging potential and vineyard consistency from year to year. These evaluations allow us to determine our interest in a long term commitment or acquisition of the property.

Finally, with the recent years' acquisitions of three vineyards, we continue our goal to own or control sixty to seventy percent of our annual grape needs.

EVOLUTION OF A WINERY

Just as a chef can make a great meal only with fresh and exceptional ingredients, so can a winemaker hope to produce a great wine only with exceptional fruit. However, bringing perfect grapes to the winery is only the beginning. Every decision, from when to press to the amount of aeration needed, will affect the character of the wine. A rule of thumb states, "Do as little as possible, and only when necessary," but omitting a step or performing a shortcut can irreversibly change the development of a fine wine.

Winemaking at Duckhorn Vineyards has not changed since the first vintage, but it has evolved. We are still committed to our traditional methods. We hand-pick and hand sort the grapes from select Napa Valley vineyards, and process small lots separately in order to follow the vineyard identity over time. We use French Bordeaux chateau barrels, pump over the must during fermentation and employ a very gentle pressing technique, whether red or white. Today we are taking advantage of new technologies, including selection of yeast cultures and state-of-the-art crushing, pressing, laboratory and bottling equipment. With our careful, hands-on approach, little is left to chance but the uniqueness of each vintage. With a dedicated staff, a proven track record, and an ever-changing assortment of variables, we face the future with great enthusiasm and a commitment to continuation of quality over generations of vintages.



INDEX--Margaret and Dan Duckhorn

- Armstrong, John, 90
 auctions, 101-103

 Baxter, Phil, 87
 Berridge, Dick, 31
 blending, 47-50
 brand equity management, 58-59
 Bray, Alan, 32
 Burgess Cellars, 61

 Cain, Bill, 31
 Carpy, Charles, 91
 Chappellet Winery, 61
 Chateau Pétrus, 32-33, 90
 clones, 49
 cooperage, 35, 63, 88, 98
 Crocker Associates, 17-18
 Crocker, Charles, 20, 30
 Crocker Citizens National Bank, 15-16

 decision-making, 104-105
 Decoy label, 74, 105-107
 Duckhorn, Clare and Victor [parents], 3-4
 Duckhorn, David, 83
 Duckhorn family, 1-4
 Duckhorn, John, 82-83
 Duckhorn, Kellie, 82-83
 Duckhorn, Ron, 31-32

 equipment, 87-88

 Federal Trade Commission, 38
 finances, 59-61
 floods, 64-65, 92
 Forman, Richard, 32, 87-89
 French Paradox, 94

 Gates, Gary, 31
 grafting, 20-25

 harvesting, 42-44
 Healthy Moms and Babies in Napa, 113
 Heublein Antitrust case, 38-40
 Howell Mountain vineyards, 33-34, 65, 89

 Lail, John, 90

 March of Dimes, 113-114

 marketing and distribution, 54-57, 95-101, 117-118
 Martini, Louis, 61
 Matson Navigation Company, 16-17

 Nadalie, Jean-Jacques, cooperage, 35-36, 88
 Napa Valley School Foundation, 73
 Napa Valley Vintners Association, 72-73, 118-122
 Napa Valley wines, 65-69

 O'Dea, Ed, 31
 Olmo, Harold P., 23

 palate development, 25-29, 87-88
 personnel, 122-124
 Phelps, Joseph, 57
 phylloxera, 51-52
 Pierce's disease, 51

 research, 49-53
 Rinaldi, Tom, 40-41, 53, 63-64, 86-89, 93
 rootstocks, 23-24, 49-51
 Ryan, Alex, 48

 Schlage Lock Co., 9
 Schoonmaker, Frank, 65
 Sheets, Clarence and Eleanor, 78-80
 St. Helena Wine Co., 31, 91
 Stag's Leap vineyards, 34, 89
 Steinbacher, Henry, 78
 Steltzner, Dick, 34, 36
 Sterling Vineyards, 61

 tannin management, 75
 Three Palms Vineyard, 34-35, 89, 91
 Tinsley Laboratories, 74

 UCSF Foundation, 124-125
 University of California, Berkeley, 9-14
 University of Maryland in Munich, 80-81

 Veeder Crest, 61
 Vineyard Technical Services, 18-25
 vineyards and growers, 43-47

 Wallis, Ed and Ann, 8-9
 Watarida, Jerry, 41, 87
 wine, health aspects of, 115-117

Wine Institute, 72, 115
 Wine Service Cooperative, 57-59
 Women for Wine Sense, 112-115
 Wren, Bill, 38

GRAPES

Cabernet Sauvignon, 21
 Chardonnay, 21
 Gamay Beaujolais, 21
 Merlot, 21, 49-50, 60
 Napa Gamay, 21
 Nebbiolo, 66
 Petite Sirah, 67
 Sangiovese, 66
 Syrah, 66
 Viognier, 66
 Zinfandel, 21, 66, 67

WINES

Cabernet Franc, 67
 Cabernet Sauvignon, 33-34, 36, 41,
 67, 89, 93-95, 107, 110
 Chardonnay, 54
 Chenin Blanc, 29
 Howell Mountain claret, 62
 Johannesburg Riesling, 29
 Miel [Late Harvest Semillon], 108
 Merlot, 32-36, 41-42, 49, 53, 60-
 61, 63, 67, 68, 89, 91, 93-95
 Nebbiolo, 66
 Petite Sirah, 66, 67
 Pinot Noir, 66, 106
 Sangiovese, 66
 Sassicaia, 66
 Sauvignon Blanc, 53, 54, 67, 68,
 106
 Semillon, 106
 Tignanello, 66
 Zinfandel, 67-69

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